Supreme Court, U.S.
FILED
APR 20 2015
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No. 15-1293

In the Supreme Court of the United States

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE, PETITIONER

v.

SIMON SHIAO TAM

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Section 2(a) of the Lanham Act, 15 U.S.C. 1052(a), provides that no trademark shall be refused registration on account of its nature unless, *inter alia*, it "[c]onsists of * * * matter which may disparage * * * persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." The question presented is as follows:

Whether the disparagement provision in 15 U.S.C. 1052(a) is facially invalid under the Free Speech Clause of the First Amendment.

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PETITION FOR A WRIT OF CERTIORARI

The Solicitor General, on behalf of the Director of the United States Patent and Trademark Office, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the en banc court of appeals (App., *infra*, 1a-122a) is reported at 808 F.3d 1321. The opinion of a panel of the court of appeals (App., *infra*, 123a-161a) is reported at 785 F.3d 567. The opinion of the Trademark Trial and Appeal Board (App., *infra*, 162a-182a) is available at 2013 WL 5498164.

JURISDICTION

The judgment of the court of appeals was entered on December 22, 2015. On March 10, 2016, the Chief Justice extended the time within which to file a peti-

tion for a writ of certiorari to and including April 20, 2016. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTORY AND REGULATORY PROVISIONS INVOLVED

The First Amendment to the Constitution provides, in relevant part: "Congress shall make no law * * * abridging the freedom of speech." Section 1052 of Title 15 of the United States Code is reproduced in the appendix to this petition. App., *infra*, 183a-186a.

STATEMENT

This case involves a facial First Amendment challenge to Section 2(a) of the Lanham Act, 15 U.S.C. 1052(a). That provision directs the United States Patent and Trademark Office (PTO) to refuse registration of trademarks that "disparage * * * persons, living or dead, institutions, beliefs, or national symbols." *Ibid.* Respondent sought federal registration for the mark THE SLANTS in connection with his dance-rock band. The PTO refused registration on the ground that the mark refers to persons of Asian ancestry and is disparaging to them. App., *infra*, 162a-182a. The en banc court of appeals held the disparagement provision of Section 1052(a) facially invalid under the First Amendment. *Id.* at 1a-122a.

1. A trademark is a "word, name, symbol, or device" used by a person "to identify and distinguish his or her goods" in commerce and "to indicate the source of the goods." 15 U.S.C. 1127. "[T]rademarks desirably promote competition and the maintenance of product quality." *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985). Trademark law also protects the public by preventing competing

merchants from using confusingly similar marks to mislead consumers about the source of the goods and services they purchase. See, *e.g.*, *B & B Hardware, Inc.* v. *Hargis Indus., Inc.*, 135 S. Ct. 1293, 1299 (2015); *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992).

Federal law does not create trademarks or trademark rights. See, *e.g.*, *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879). Trademark rights arise through use of a mark in commerce in connection with particular goods and services. 1 Anne Gilson LaLonde, *Gilson on Trademarks*, § 3.02[2][a] (2015). The holder of a trademark may use and enforce his mark without federal registration. See *B & B Hardware, Inc.*, 135 S. Ct. at 1299.

As a supplement to common-law protection, Congress has created a federal trademark-registration system and has provided federal remedies for mark owners against infringement, dilution, and unfair competition. See Act of July 5, 1946, ch. 540, 60 Stat. 427 (Lanham Act) (15 U.S.C. 1051 *et seq.*). Federal registration confers certain benefits on trademark owners who register their marks. See *B & B Hardware*, 135 S. Ct. at 1300. For example, registration provides prima facie evidence of the owner's exclusive right to use the mark in connection with certain goods or services in commerce. 15 U.S.C. 1057(b), 1115(a). Registration also provides constructive notice of the registrant's claim of ownership of the mark. 15 U.S.C. 1072. After five years of registration, an owner's right to use a trademark can become "incontestable" and may be challenged only on very limited grounds. 15 U.S.C. 1065, 1115(b). But many of the federal remedies created by the Lanham Act are available to own-

ers of all marks, without regard to registration. See 15 U.S.C. 1125(a) (federal cause of action for representations about the origin of goods or services that are likely to confuse consumers), (b) (importation ban), and (d) (remedy for cybersquatting).

To obtain federal registration, the trademark owner submits an application to the PTO. 15 U.S.C. 1051(a). The PTO is not required to register every mark for which an application is filed. Rather, Congress directed the PTO to "refuse[] registration" of certain categories of marks "on account of [their] nature." 15 U.S.C. 1052. This case concerns one of those categories—marks consisting of or comprising "matter which may disparage * * * persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." 15 U.S.C. 1052(a).[1]

2. Respondent is the lead singer of a dance-rock band called "The Slants." App., *infra*, 10a. In 2011, he sought to federally register THE SLANTS as a trademark for use in connection with live performances by his band. *Id.* at 162a & n.1, 166a; see C.A. App. A23-A36 (respondent's trademark application).[2] Respondent had been using the mark in commerce since

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[1] Other categories include immoral, deceptive, or scandalous marks, 15 U.S.C. 1052(a); marks containing a flag, coat of arms, or insignia of the United States, a State, or a foreign nation, 15 U.S.C. 1052(b); marks including a name, portrait, or signature of a living person without his or her consent, 15 U.S.C. 1052(c); marks that so resemble other marks that they are likely to cause confusion, 15 U.S.C. 1052(d); marks that are merely descriptive, 15 U.S.C. 1052(e); and marks that are functional, 15 U.S.C. 1052(e)(5).

[2] Respondent originally filed a trademark application for THE SLANTS in 2010, but then abandoned that application. App., *infra*, 10a n.2.

2006. App., *infra*, 10a. A PTO examining attorney refused registration on the ground that the mark is disparaging to persons of Asian ancestry. *Id.* at 163a; see C.A. App. A41-A44.

The PTO's Trademark Trial and Appeal Board (Board) affirmed. App., *infra*, 162a-182a. The Board concluded that the mark is used to refer to an identifiable group of people—persons of Asian ancestry—and that the mark is disparaging to a substantial composite of such people. *Id.* at 173a-174a, 180a-181a. The Board explained that dictionary definitions and other sources cited by the parties "unanimously categorize the word 'slant,' when meaning a person of Asian descent, as disparaging." *Id.* at 180a. The Board also cited record evidence that Asian individuals and groups had specifically objected to respondent's use of the term as the name for his band. *Id.* at 167a-168a. And the Board noted that members of the band have said that they use the word "slant" because it is "an ethnic slur for Asians" and the band wishes to "take on stereotypes" about Asians. *Id.* at 166a. The Board further determined that the PTO's refusal to register the mark does not violate the First Amendment because the denial of registration does not suppress speech or proscribe conduct, but simply prevents respondent from calling upon the resources of the federal government to assist him in enforcing his rights in THE SLANTS. *Id.* at 181a-182a.

3. A panel of the court of appeals affirmed. App., *infra*, 123a-161a. The court first rejected respondent's argument that the Board had erred in finding the mark disparaging under Section 1052(a). The court concluded that substantial evidence supports the Board's conclusions that "the mark THE SLANTS

refers to people of Asian descent" and that the mark "is likely offensive to a substantial composite of people of Asian descent." *Id.* at 127a-131a. The court noted that "the definitions in evidence universally characterize the word 'slant' as disparaging, offensive, or an ethnic slur when used to refer to a person of Asian descent." *Id.* at 130a.

The court of appeals rejected respondent's various constitutional challenges, including his facial First Amendment challenge to Section 1052(a). Relying on circuit precedent, the court explained that "the PTO's refusal to register [the] mark does not affect his right to use it"; that "[n]o conduct is proscribed, and no tangible form of expression is suppressed"; and that respondent's First Amendment rights therefore are not "abridged by the refusal to register his mark." App., *infra*, 131a (quoting *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981)); see *id.* at 131a-132a (citing other Federal Circuit decisions reaching the same conclusion).

In a separate opinion, Judge Moore urged the court to "revisit [its prior] holding on the constitutionality of § 2(a) of the Lanham Act." App., *infra*, 135a (Moore, J., providing additional views).

4. The en banc court of appeals held that Section 1052(a)'s disparagement provision is facially unconstitutional under the First Amendment, vacated the Board's decision, and remanded for further proceedings. App., *infra*, 1a-122a.[3] The government had argued that Congress may, consistent with the First Amendment, create an optional program of federal

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[3] The en banc court of appeals upheld the Board's finding that THE SLANTS is disparaging within the meaning of 15 U.S.C. 1052(a). App., *infra*, 12a n.3.

trademark registration without opening that program to racial slurs or other disparaging marks. See *id.* at 27a-28a. The court rejected that characterization of the program, concluding that the trademark-registration scheme is a law "penaliz[ing] private speech merely because [the government] disapproves of the message it conveys." *Id.* at 2a. Because the court viewed Section 1052(a) as a viewpoint-based restriction on speech, it subjected the provision to strict scrutiny and found it invalid. *Id.* at 17a-19a, 67a. The court also stated that it would find Section 1052(a) unconstitutional even under the more forgiving commercial-speech standard because there is no "substantial government interest justifying the" ban on registration of disparaging marks. *Id.* at 61a-67a.

Judge O'Malley (joined by Judge Wallach) filed a concurring opinion. App., *infra*, 68a-80a. Those judges agreed that Section 1052(a)'s disparagement provision is facially unconstitutional under the First Amendment, and they would also have held that the provision is impermissibly vague. *Id.* at 68a. Judge Dyk concurred in part and dissented in part. *Id.* at 80a-104a. He would have held that Section 1052(a) is facially constitutional because registration is a government benefit for commercial speech that reasonably may be denied to disparaging marks, *id.* at 90a-97a, but that Section 1052(a) is unconstitutional as applied in this case because respondent's use of his mark involves "political" speech, *id.* at 103a-104a.[4]

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[4] Judge Dyk was joined by Judges Lourie and Reyna with respect to his conclusion that Section 1052(a)'s disparagement provision is facially constitutional, but not with respect to his conclusion that the provision is unconstitutional as applied. See App., *infra*, 80a.

Judge Lourie dissented, concluding that Section 1052(a) is constitutional because it does not prohibit any speech but instead denies the benefits of registration to private disparaging speech. *Id.* at 105a-108a. Judge Reyna also dissented, expressing the view that Section 1052(a)'s disparagement provision is a permissible regulation of commercial speech because it "directly advances the government's substantial interest in the orderly flow of commerce." *Id.* at 108a-109a.

REASONS FOR GRANTING THE PETITION

The en banc court of appeals held that the disparagement provision in Section 2(a) of the Lanham Act, 15 U.S.C. 1052(a), is facially unconstitutional. That holding is incorrect and warrants this Court's review.

Section 1052(a) does not prohibit any speech, proscribe any conduct, or restrict the use of any trademark. Nor does it restrict a mark owner's common-law trademark protections. Rather, Section 1052(a) directs the PTO not to provide the benefits of federal registration to disparaging marks. The Federal Circuit nonetheless treated the registration ban as an affirmative restriction on speech and, applying strict scrutiny, declared it facially unconstitutional. The court of appeals disregarded this Court's teaching that, when Congress does not restrict private speech or conduct, but simply offers federal benefits on terms that encourage private activity consonant with legislative policy, it has significant latitude to consider the content of speech in defining the terms on which the benefits will be provided.

The question presented is important. The statutory provision at issue here has guided the PTO's decisions for 70 years. Absent this Court's review, the Federal Circuit's ruling will effectively resolve the

validity of Section 1052(a)'s disparagement provision nationwide because any applicant for trademark registration may obtain judicial review of an adverse decision of the PTO in that court. The petition for a writ of certiorari should be granted.

I. THE COURT OF APPEALS' INVALIDATION OF AN ACT OF CONGRESS WARRANTS THIS COURT'S REVIEW

The Court should grant review because the court of appeals has held that a longstanding federal statutory provision is facially unconstitutional. See App., *infra*, 20a n.5 ("[W]e conclude that § 2(a) is invalid on its face."); *id.* at 68a ("We hold that the disparagement provision of § 2(a) is unconstitutional because it violates the First Amendment."); see also *id.* at 19a n.5 (noting the parties' agreement that "this appeal is appropriately viewed as involving a facial challenge").

Facial invalidation of a statute under the First Amendment is "strong medicine" that should be employed "sparingly and only as a last resort." *Broadrick* v. *Oklahoma*, 413 U.S. 601, 613 (1973). And any decision invalidating an Act of Congress on constitutional grounds is significant. See *Rostker* v. *Goldberg*, 453 U.S. 57, 64 (1981) (noting that judging the constitutionality of an Act of Congress is "the gravest and most delicate duty that this Court is called upon to perform") (quoting *Blodgett* v. *Holden*, 275 U.S. 142, 148 (1927) (Holmes, J.)). This Court has often reviewed holdings that a federal law is invalid under the First Amendment, even in the absence of a circuit split. See, *e.g.*, *United States* v. *Alvarez*, 132 S. Ct. 2537, 2543 (2012); *Holder* v. *Humanitarian Law Project*, 561 U.S. 1, 14 (2010); *United States* v. *Stevens*, 559 U.S. 460, 467 (2010); *United States* v. *Williams*,

553 U.S. 285, 292 (2008); *Ashcroft* v. *ACLU*, 542 U.S. 656, 664 (2004).

Under the "sweeping holding" of the court below, the PTO may not use Section 1052(a) to refuse registration as a trademark of even the most vile racial epithet. App., *infra*, 80a (Dyk, J., concurring in part and dissenting in part). By treating eligibility criteria for participation in a voluntary federal program as constitutionally equivalent to affirmative restrictions on speech, the court of appeals has cast doubt on Congress's ability to determine when the federal government will lend its assistance to private actors. A decision that so limits Congress's authority deserves this Court's immediate review.

II. THE COURT OF APPEALS ERRED IN HOLDING THAT SECTION 1052(a) IS UNCONSTITUTIONAL

Section 1052(a) does not restrict any speech or restrain any form of expression. Common-law trademark rights exist and may be enforced without regard to federal registration. Section 1052(a) simply reflects Congress's judgment that the federal government should not affirmatively promote the use of racial slurs and other disparaging terms by granting them the benefits of registration. That judgment does not violate the First Amendment.

A. Section 1052(a) Does Not Restrict Speech

1. The "first step" in a First Amendment analysis is "to construe the challenged statute." *Williams*, 553 U.S. at 293. The statute at issue here directs the PTO to "refuse[] registration" of certain categories of trademarks "on account of [their] nature." 15 U.S.C. 1052. One such category is marks that "[c]onsist[] of or comprise[] * * * matter which may dispar-

age * * * persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." 15 U.S.C. 1052(a). The sole effect of this provision is that various benefits of federal registration are not available for disparaging marks. See App., *infra*, 4a-5a (listing those benefits).

Section 1052(a) does not restrict the terms or images that may lawfully be used as trademarks. A trademark is "any word, name, symbol, or device" used by a person "to identify and distinguish his or her goods" in commerce and "to indicate the source of the goods." 15 U.S.C. 1127. Trademark rights are created by use of the mark to identify goods and services in commerce, not by federal law. See *B & B Hardware, Inc.* v. *Hargis Indus., Inc.*, 135 S. Ct. 1293, 1299 (2015) (explaining that "federal law does not create trademarks"; rather, a person who "first uses a distinct mark in commerce * * * acquires rights to that mark"); see also *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879).

Even without federal registration, respondent may use a disparaging racial term to identify his band's goods and services in commerce. Respondent began using his mark in commerce in 2006 and has acquired rights to enforce his mark through that use. App., *infra*, 10a. In addition to any common-law protections, respondent has federal remedies under the Lanham Act against those who misuse his mark or misappropriate any goodwill associated with it, even though it is not registered. Those remedies include a cause of action for false association, 15 U.S.C. 1125(a); a prohibition on importing goods bearing confusingly similar marks, 15 U.S.C. 1125(b); protection against cybersquatting, 15 U.S.C. 1125(d); and authorization

of treble-damages awards for certain types of infringement, 15 U.S.C. 1117(a).[5]

2. The court of appeals erred in equating Section 1052(a)'s disparagement provision with an affirmative restriction on speech. As that court previously had recognized, "the refusal to register a mark does not proscribe any conduct or suppress any form of expression because it does not affect the applicant's right to use the mark in question." *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003); see *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981) (PTO's refusal to register a mark "does not affect [the applicant's] right to use it"; "[n]o conduct is proscribed, and no tangible form of expression is suppressed"). The Fifth Circuit applied the same reasoning in holding that an applicant had no First Amendment right to register a trademark that was merely descriptive. *Test Masters Educ. Servs., Inc.* v. *Singh*, 428 F.3d 559, 567-568, 578 n.9 (2005), cert. denied, 547 U.S. 1055 (2006); see 15 U.S.C. 1052(e); Pet. App. 16a.

Section 1052(a) does not prevent respondent from promoting his band using any racial slur or image he wishes. It does not limit how respondent may advertise, what songs he may sing, or what messages he may convey. Respondent's freedom of expression is no more restricted by federal law now than it was in 2006, when he first used THE SLANTS to identify his band.

The court of appeals viewed Section 1052(a)'s disparagement provision as "penaliz[ing] private speech"

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[5] Although the court of appeals suggested that federal registration is necessary to obtain some of these remedies, App., *infra*, 4a-5a, that suggestion reflects a misunderstanding of federal trademark law.

because the government "disapproves of the message it conveys." App., *infra*, 2a. As an initial matter, the court was wrong to view Section 1052(a) as a viewpoint-based provision. Section 1052(a) prohibits registration of trademarks containing certain words without regard to the "ideology," "opinion," or "perspective" of the trademark owner. *Rosenberger* v. *Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 829 (1995). That congressional judgment is permissible. See *R.A.V.* v. *City of St. Paul*, 505 U.S. 377, 391 (1992) (there is no viewpoint discrimination when a statute prohibits use of "odious racial epithets" by "proponents of all views"). In this case, the Board's denial of registration was not based on any finding that respondent intended to disparage Asians. To the contrary, the Board determined that Section 1052(a) prohibits registration of respondent's mark *despite* the fact that respondent's stated purpose for using the mark is to "reclaim" the slur as a sign of ethnic pride. App., *infra*, 10a, 166a.[6]

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[6] In his separate concurring and dissenting opinion, Judge Dyk concluded that Section 1052(a) is facially constitutional because trademark registration is a benefit for commercial speech that reasonably may be denied for disparaging marks. App., *infra*, 90a-97a. He would have held, however, that Section 1052(a) is unconstitutional as applied to this case because respondent's own "choice of mark reflects a clear desire to editorialize on cultural and political subjects. [Respondent] chose THE SLANTS at least in part to reclaim the negative racial stereotype it embodies." *Id.* at 102a-103a. But if Congress or the PTO had drawn the distinction that the concurring judge suggested—*i.e.*, approving respondent's application based on the "cultural and political" message that respondent sought to convey, even though THE SLANTS could not have been registered by an applicant that intended to disparage Asians—it would have introduced into the statute the very

In any event, Section 1052(a) does not penalize private speech. This Court has repeatedly recognized the critical constitutional distinction between *penalizing* speech and refusing to *support* it. The government may not prohibit or penalize respondent's racial slurs except in the most compelling circumstances. As explained below, however, the government may decline to use its resources to support such speech.

B. Section 1052(a) Establishes Lawful Eligibility Criteria For Federal Trademark Registration

1. While Congress cannot prohibit the use of disparaging terms to express ideas, the government has no obligation to support such speech. The Court has squarely "reject[ed] the notion that First Amendment rights are somehow not fully realized unless they are subsidized by the State." *Regan* v. *Taxation With Representation of Wash.*, 461 U.S. 540, 546 (1983) (internal quotation marks omitted). This Court has also consistently recognized that the government may "selectively fund a program to encourage certain activities it believes to be in the public interest, without at the same time funding an alternative program which seeks to deal with the problem in another way." *Rust* v. *Sullivan*, 500 U.S. 173, 193 (1991). "In so doing, the Government has not discriminated on the basis of viewpoint; it has merely chosen to fund one activity to the exclusion of the other." *Ibid.*

The Court has recognized in a variety of contexts that the government may take into account the content of speech in deciding whether to assist would-be private speakers. See, *e.g.*, *Walker* v. *Texas Div.*,

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viewpoint discrimination that the First Amendment generally discountenances.

Sons of Confederate Veterans, Inc., 135 S. Ct. 2239, 2245-2250 (2015) (State may refuse to issue license plate with confederate-flag logo); *National Endowment for the Arts* v. *Finley*, 524 U.S. 569, 572, 587-588 (1998) (National Endowment for the Arts may take into account "decency and respect for the diverse beliefs and values of the American public" in distributing federal grants to artists) (citation omitted); *Rust*, 500 U.S. at 192-193 (upholding regulations that limited ability of recipients of Title X funding to engage in abortion-related activities); *Regan*, 461 U.S. at 545-546 (upholding statute granting tax-exempt status to organizations that do not engage in lobbying). Although the doctrinal labels vary, those decisions share a common thread: First Amendment scrutiny is significantly more relaxed when the government establishes eligibility criteria for a voluntary government program than when it restricts wholly private speech. Uncertainty as to which doctrinal "box" this case falls into is much less important than the fact that, although Section 1052(a) disentitles respondent to certain forms of government assistance, it does not restrict respondent's ability to use THE SLANTS, or to engage in any other communication about the band, Asian stereotypes, or anything else.

2. The Constitution does not require Congress to open the federal trademark-registration system to racial epithets. Having decided to create a federal trademark-registration system, Congress may set the criteria for participation in that program. A federal registrant receives a certificate of registration "issued in the name of the United States of America, under the seal of the [PTO]." 15 U.S.C. 1057(a). Registered trademarks are published in the *Official Gazette* of

the PTO and recorded on the agency's Principal Register (or, in certain circumstances, on a Supplemental Register). See *ibid.* (Principal Register); 15 U.S.C. 1091 (Supplemental Register).

Congress legitimately determined that a federal agency should not use government funds to issue certificates "in the name of the United States of America" conferring statutory benefits for use of racial slurs and other disparaging terms. Just as the Constitution does not require a State to issue confederate-flag license plates, it does not require Congress to underwrite the commercial use of racist, misogynist, or bigoted terms and imagery in commerce. See *Walker*, 135 S. Ct. at 2245, 2252-2253. Although respondent has a First Amendment right to use THE SLANTS in marketing his band, he has no comparable right to force the government to register racial epithets, publish those epithets in the PTO's *Official Gazette*, issue registration certificates for those epithets in the name of the United States, and inscribe those epithets on the PTO's Principal Register.

3. The court of appeals erred in deeming this Court's government-subsidy decisions inapplicable.

a. The court of appeals viewed Section 1052(a)'s disparagement provision as imposing an unconstitutional condition on private speech. App., *infra*, 28a-31a. That characterization is mistaken. A limitation on the receipt of public benefits constitutes a potentially unconstitutional condition only when "the Government has placed a condition on the recipient of the subsidy rather than on a particular program or service, thus effectively prohibiting the recipient from engaging in the protected conduct outside the scope of the federally funded program." *Rust*, 500 U.S. at 197

(emphasis omitted). That doctrine would apply, for example, if the Lanham Act denied the benefits of trademark registration to persons who had engaged in specified speech or conduct outside the registration program (*e.g.*, if respondent's use of THE SLANTS as a mark in commerce rendered him ineligible to register *other* marks). Section 1052(a) does not operate in that manner. Rather, under Section 1052(a), the registrability of a particular trademark depends solely on the specific mark sought to be registered, not on the applicant's other activities. The unconstitutional-conditions doctrine therefore is inapplicable. See App., *infra*, 95a-96a (Dyk, J., concurring in part and dissenting in part).

b. The court of appeals' other reasons for treating Section 1052(a) as an affirmative restriction on speech likewise do not withstand scrutiny. The court stated that registration of a trademark is not government speech because the government is not embracing the message conveyed by the mark. App., *infra*, 40a-47a. But when the PTO approves a particular trademark for federal registration, the agency must record the mark on a government platform "for the express purpose that it be observed and read by the public." *Wooley* v. *Maynard*, 430 U.S. 705, 713 (1977). In *Wooley*, the Court recognized "an individual's First Amendment right to avoid becoming the courier for" a message he finds objectionable, *id.* at 717, even in circumstances where the message is unlikely to be attributed to the individual himself, see *id.* at 720-721 (Rehnquist, J., dissenting). The government has an analogous interest in declining to incorporate racially offensive epithets into various official communications. See *Walker*, 135 S. Ct. at 2248-2250. In any event, the

principle that the government has broad authority to decide what speech to assist has frequently been applied to private speech whose message could not reasonably be attributed to the government. See, *e.g.*, *Finley*, 524 U.S. at 587-588 ("Congress has wide latitude to set spending priorities."); *Rust*, 500 U.S. at 200 (citing the "general rule" that "the Government may choose not to subsidize speech").

The court of appeals concluded that Section 1052(a)'s disparagement provision is not a limit on a government subsidy, App., *infra*, 47a-61a, but that conclusion was based on the court's erroneous view that the unconstitutional-conditions doctrine applied. See pp. 16-17, *supra*. The court also suggested that the registration program cannot be viewed as a government subsidy because it is funded by registration fees. App., *infra*, 57a-58a. But the Court has upheld government programs with similar funding mechanisms, explaining that receipt of fees does not change the nature of the government program. See *Walker*, 135 S. Ct. at 2252 ("[I]f the city in [*Pleasant Grove City* v. *Summum*, 555 U.S. 460 (2009),] had established a rule that organizations wishing to donate monuments must also pay fees to assist in park maintenance, we do not believe that the result in that case would have been any different."). And respondent's application to register his mark presumably reflects his determination that the benefits of registration outweigh the costs involved.

The court of appeals opined that Section 1052(a)'s exclusion of disparaging marks could have the "chilling effect" of discouraging the use of those marks in commerce. App., *infra*, at 47a-48a, 52a. But the First Amendment does not bar Congress from

using the resources of the federal government to encourage some forms of expressive conduct rather than others. A marginal shift in incentives "is commonly the effect of the denial of subsidies," but that "does not turn a subsidy provision into a regulatory provision, so long as the subsidy is not designed to limit speech outside of the subsidized program." *Id.* at 95a (Dyk, J., concurring in part and dissenting in part). The commercial nature of trademarks further reduces any concerns about chill. See *Bates* v. *State Bar*, 433 U.S. 350, 381 (1977) (explaining that, because commercial speech is "linked to commercial well-being, it seems unlikely that such speech is particularly susceptible" to incidental chill).

The court of appeals also stated that, "[u]nder the logic of the government's approach, * * * Congress could pass a law prohibiting the copyrighting of works containing 'racial slurs,' 'religious insults,' 'ethnic caricatures,' and 'misogynistic images.'" App., *infra*, 60a. That reasoning reflects a misunderstanding of the government's legal theory. The government's core argument in this case—*i.e.*, that the government has much greater latitude under the First Amendment when it merely refuses to support private speech rather than affirmatively bans it—does logically imply that limits on copyright registrability are subject to less demanding First Amendment scrutiny than actual bans on dissemination of creative works. The argument does not logically suggest, however, that such limits are wholly exempt from First Amendment challenge. Cf. *Rust*, 500 U.S. at 199 (explaining that government funding is not "invariably sufficient to justify Government control over the content of expression"). Nor does it suggest that the

First Amendment analysis must be identical in the trademark and copyright contexts. To the extent that the hypothetical statute described by the Federal Circuit would more greatly burden expression than does the denial of trademark registration (*e.g.*, because of differences between trademarks and copyrights, or because the hypothetical law would deny registration to the entire work based on isolated words within the work), the First Amendment inquiry in the hypothetical copyright-registration scenario could account for that greater burden.

4. The court of appeals made two other important errors. First, the court failed to recognize that the trademark-registration program operates exclusively in the sphere of commercial speech. See *San Francisco Arts & Athletics, Inc.* v. *United States Olympic Comm.*, 483 U.S. 522, 535 (1987). This case involves a dispute not about purely political speech, but about use of a mark to identify goods and services in commerce. If Section 1052(a) actually restricted speech (for example, if it precluded certain terms or symbols from being used as names of businesses, products, or services), the standards set out in *Central Hudson Gas & Electric Corp.* v. *Public Service Commission*, 447 U.S. 557, 566 (1980), would apply. That form of intermediate scrutiny would be appropriate for such a restriction because "[t]he marketplace of ideas differs dramatically from the marketplace of goods and services." App., *infra*, 116a (Reyna, J., dissenting).

As explained above, Section 1052(a) does not prohibit or restrict speech at all, but instead establishes eligibility criteria for a particular form of federal assistance. But just as restrictions on commercial speech are subject to less demanding First Amend-

ment scrutiny than other speech restrictions, the fact that the advantages conferred by federal trademark registration are economic in nature provides a further reason to uphold the viewpoint-neutral eligibility criteria at issue here. The court of appeals therefore seriously erred in subjecting Section 1052(a) to strict scrutiny and deeming it "presumptively invalid." App., *infra*, 27a.

Second, the court of appeals erred in concluding that the government has no substantial interest in prohibiting the registration of disparaging trademarks. The government has a substantial interest in creating a federal trademark-registration program to facilitate the efficient conduct of interstate commerce by offering additional benefits to qualifying marks. Having created such a program, the government also has an interest in declining to use its resources to encourage offensive or disparaging marks. See App., *infra*, 81a (Dyk, J., concurring in part and dissenting in part) (Section 1052(a) "protect[s] underrepresented groups in our society from being bombarded with demeaning messages in commercial advertising."); *id.* at 117a (Reyna, J., dissenting) ("Commerce does not benefit from political volatility, nor from insults, discrimination, or bigotry.").

Although registration of a trademark does not signal government endorsement of any particular product, service, mark, name, or registrant, the government's registration of a disparaging term as a trademark, and publication of that mark on the Principal Register, would convey to the public that the United States regards racial slurs as appropriate source iden-

tifiers in commerce.[7] Congress could also reasonably conclude that commercial actors are more likely to choose marks for which the advantages of federal registration are available, and it could reasonably decline to provide this incentive to use of racial epithets and other disparaging marks. Those government interests are fully sufficient to justify Section 1052(a)'s exclusion of such marks from the federal trademark-registration program.

III. THE QUESTION PRESENTED IS IMPORTANT

The challenged provision is a longstanding and important part of the federal trademark-registration system. Congress has prohibited registration of certain categories of trademarks since the registration system was created in 1905. See Act of Feb. 20, 1905, ch. 592, § 5, 33 Stat. 725. The prohibition on disparaging marks has been in place since 1946. See Act of July 5, 1946, ch. 540, § 2(a), 60 Stat. 428 (Lanham Act). The PTO has repeatedly applied these provisions to refuse registration of disparaging marks. See App., *infra*, 7a-8a (listing a variety of disparaging marks that the PTO has refused to register). The court below nevertheless invalidated Section 1052(a)'s disparagement provision on its face, so that it cannot be used in any circumstances, even to prohibit registration of the most vile racial epithets.

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[7] That is especially true because owners of registered marks may ask the PTO to transmit their applications to international bodies for recognition. See 15 U.S.C. 1141a, 1141b (Madrid Protocol); Paris Convention for the Protection of Industrial Property art. 6^{quinquies}, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (providing for transmittal of certificates of registration to other countries).

The court of appeals' decision effectively precludes the PTO from enforcing Section 1052(a)'s disparagement provision against any trademark-registration applicant nationwide. By statute, any applicant who is refused trademark registration may seek review of the PTO's decision in the Federal Circuit. See 15 U.S.C. 1071(a); 28 U.S.C. 1295(a)(4)(B). Pending the Court's disposition of this petition, the PTO therefore has suspended action on trademark applications that would be refused under the disparagement provision of Section 1052(a). See U.S. Patent and Trademark Office, *Exam Guide 01-16: Examination for Compliance with Section 2(a)'s Scandalousness and Disparagement Provisions While Constitutionality Remains in Question* 1 (Mar. 2016), http://www.uspto.gov/trademark/guides-and-manuals/trademark-examination-guides. Accordingly, this Court should review the question presented now.[8]

The court of appeals' decision also casts doubt on the validity of other provisions of Section 1052(a) not at issue in this case, such as the bar against registration of "immoral * * * or scandalous matter." 15 U.S.C. 1052(a). The court acknowledged that, under

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[8] The question presented here also is presented in a pending case in the Fourth Circuit, *Pro-Football, Inc.* v. *Blackhorse*, No. 15-1874, which concerns the cancellation of registrations for marks that contain the term "Redskins" used by the Washington football team. That case has been briefed and is awaiting oral argument. Because that case involves other statutory and evidentiary challenges to the agency's decision, the court of appeals may decide the case without reaching the constitutional question. And in the meantime, the Federal Circuit's decision prevents the PTO from refusing registrations based on Section 1052(a)'s disparagement provision. This Court therefore should not await a decision in the Fourth Circuit case.

its First Amendment theory, "other portions of § 2 may constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks." App., *infra*, 7a n.1; see *id.* at 82a (Dyk, J., concurring in part and dissenting in part) (expressing concern that the "majority's opinion * * * may also effectively invalidate the bar on scandalous marks"). In addition, by subjecting eligibility criteria established by Congress for participation in a voluntary federal program to the same strict First Amendment scrutiny that would apply to affirmative restrictions on the use of disparaging terms, the court of appeals blurred the line between statutory restrictions on speech and Congress's refusal to support or subsidize private communications. The potential implications of the court's decision for other government support programs provide a further reason for this Court's review.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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APRIL 2016

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 2014-1203

IN RE SIMON SHIAO TAM

Dec. 22, 2015

As Corrected Feb. 11, 2016

Before: PROST, Chief Judge, NEWMAN, LOURIE, DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN, HUGHES, and STOLL, Circuit Judges.

Opinion for the court filed by Circuit Judge MOORE, in which Chief Judge PROST and Circuit Judges NEWMAN, O'MALLEY, WALLACH, TARANTO, CHEN, HUGHES, and STOLL join.

Concurring opinion filed by Circuit Judge O'MALLEY, in which Circuit Judge WALLACH joins.

Opinion concurring in part and dissenting in part filed by Circuit Judge DYK, in which Circuit Judges LOURIE and REYNA join with respect to parts I, II, III, and IV.

Dissenting opinion filed by Circuit Judge LOURIE.

Dissenting opinion filed by Circuit Judge REYNA.

MOORE, Circuit Judge.

Section 2(a) of the Lanham Act bars the Patent and Trademark Office ("PTO") from registering scandalous, immoral, or disparaging marks. 15 U.S.C. § 1052(a). The government enacted this law—and defends it today—because it disapproves of the messages conveyed by disparaging marks. It is a bedrock principle underlying the First Amendment that the government may not penalize private speech merely because it disapproves of the message it conveys. That principle governs even when the government's message-discriminatory penalty is less than a prohibition.

Courts have been slow to appreciate the expressive power of trademarks. Words—even a single word—can be powerful. Mr. Simon Shiao Tam named his band THE SLANTS to make a statement about racial and cultural issues in this country. With his band name, Mr. Tam conveys more about our society than many volumes of undisputedly protected speech. Another rejected mark, STOP THE ISLAMISATION OF AMERICA, proclaims that Islamisation is undesirable and should be stopped. Many of the marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities. But the First Amendment protects even hurtful speech.

The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others. The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for

government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional. Because the government has offered no legitimate interests justifying § 2(a), we conclude that it would also be unconstitutional under the intermediate scrutiny traditionally applied to regulation of the commercial aspects of speech. We therefore vacate the Trademark Trial and Appeal Board's ("Board") holding that Mr. Tam's mark is unregistrable, and remand this case to the Board for further proceedings.

BACKGROUND

I. The Lanham Act

Congress enacted the Lanham Act in 1946 to provide a national system for registering and protecting trademarks used in interstate and foreign commerce. Congress's purpose in enacting the Lanham Act was to advance the two related goals of trademark law. First, the purpose of the Lanham Act is to "protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782 n.15, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) (Stevens, J., concurring) (quoting S. Rep. No. 791333, at 3 (1946)). Second, the Lanham Act ensures that a markholder can protect "his investment from . . . misappropriation by pirates and cheats." *Id.; see also Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.14, 102 S. Ct. 2182, 72 L. Ed. 2d 606 (1982) ("By applying a trademark to goods produced by one other than the trademark's owner, the infringer deprives the owner of the goodwill

which he spent energy, time, and money to obtain. At the same time, the infringer deprives consumers of their ability to distinguish among the goods of competing manufacturers." (citations omitted)).

"Registration is significant. The Lanham Act confers important legal rights and benefits on trademark owners who register their marks." *B & B Hardware, Inc. v. Hargis Ind., Inc.*, — U.S. —, 135 S. Ct. 1293, 1300, 191 L. Ed. 2d 222 (2015) (quotation marks omitted). These benefits—unavailable in the absence of federal registration—are numerous, and include both substantive and procedural rights. The holder of a federal trademark has a right to exclusive nationwide use of that mark where there was no prior use by others. *See* 15 U.S.C. §§ 1072, 1115. Because the common law grants a markholder the right to exclusive use only in the geographic areas where he has actually used his mark, *see* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 26:32 (4th ed.) (hereinafter "McCarthy"), holders of a federally registered trademark have an important substantive right they could not otherwise obtain. Also, a registered mark is presumed to be valid, 15 U.S.C. § 1057(b), and the mark becomes incontestable (with certain exceptions) after five years of consecutive post- registration use, *id.* § 1065; *see also B & B Hardware*, 135 S. Ct. at 1310 ("Incontestability is a powerful protection."). A markholder may sue in federal court to enforce his trademark, 15 U.S.C. § 1121, and he may recover treble damages if he can show infringement was willful, *id.* § 1117. He may also obtain the assistance of U.S. Customs and Border Protection in restricting importation of infringing or counterfeit goods, *id.* § 1124, 19 U.S.C. § 1526, and

qualify for a simplified process for obtaining recognition and protection of his mark in countries that have signed the Paris Convention, *see id.* § 1141b (Madrid Protocol); Paris Convention for the Protection of Industrial Property art. 6 *quinquies*, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305. Lastly, registration operates as a complete defense to state or common law claims of trademark dilution. 15 U.S.C. § 1125(c)(6).

Under the Lanham Act, the PTO must register source-identifying trademarks unless the mark falls into one of several categories of marks precluded from registration. *Id.* § 1052 ("*No trademark* by which the goods of the applicant may be distinguished from the goods of others *shall be refused registration on the principal register on account of its nature* unless . . . . " (emphasis added)). Many of these categories bar the registration of deceptive or misleading speech, because such speech actually undermines the interests served by trademark protection and, thus, the Lanham Act's purposes in providing for registration. For example, a mark may not be registered if it resembles a registered mark such that its use is likely to "cause confusion, or to cause mistake, or to deceive," § 2(d), or if it is "deceptively misdescriptive," § 2(e). These restrictions on registration of deceptive speech do not run afoul of the First Amendment. *See Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 563, 100 S. Ct. 2343, 65 L. Ed. 2d 341 (1980) ("The government may ban forms of communication more likely to deceive the public than to inform it."); *see also Friedman v. Rogers*, 440 U.S. 1, 13, 15-16, 99 S. Ct. 887, 59 L. Ed. 2d 100 (1979); *Ohralik v. Ohio State Bar Ass'n*, 436 U.S. 447, 462-63, 98 S. Ct. 1912, 56 L. Ed. 2d 444 (1978).

Section 2(a), however, is a hodgepodge of restrictions. Among them is the bar on registration of a mark that "[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute." Section 2(a) contains proscriptions against deceptive speech, for example, the prohibition on deceptive matter or the prohibition on falsely suggesting a connection with a person or institution. But other restrictions in § 2(a) differ in that they are based on the expressive nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral. These latter restrictions cannot be justified on the basis that they further the Lanham Act's purpose in preventing consumers from being deceived. These exclusions from registration do not rest on any judgment that the mark is deceptive or likely to cause consumer confusion, nor do they protect the markholder's investment in his mark. They deny the protections of registration for reasons quite separate from any ability of the mark to serve the consumer and investment interests underlying trademark protection. In fact, § 2(a)'s exclusions can undermine those interests because they can even be employed in cancellation proceedings challenging a mark many years after its issuance and after the markholder has invested millions of dollars protecting its brand identity and consumers have come to rely on the mark as a brand identifier.

This case involves the disparagement provision of § 2(a).[1] Section 2(a)'s ban on the federal registration of "immoral" or "scandalous" marks originated in the trademark legislation of 1905. *See* Act of Feb. 20, 1905, ch. 592, § 5(a), 33 Stat. 724, 725. The provision barring registration based on disparagement first appeared in the Lanham Act in 1946. Pub. L. 79-489, § 2(a), 60 Stat. 427, 428 (codified at 15 U.S.C. § 1052(a)). It had no roots in the earlier trademark statute or the common law. There were few marks rejected under the disparagement provision following enactment of the Lanham Act. Only in the last several decades has the disparagement provision become a more frequent ground of rejection or cancellation of trademarks. Marks that the PTO has found to be disparaging include: REDSKINS, *Pro-Football, Inc. v. Blackhorse*, No. 1-14-CV-01043-GBL, — F. Supp. 3d —, 2015 WL 4096277 (E.D. Va. July 8, 2015) (2014 PTO cancellation determination currently on appeal in Fourth Circuit); STOP THE ISLAMISATION OF AMERICA, *In re Geller*, 751 F.3d 1355 (Fed. Cir. 2014); THE CHRISTIAN PROSTITUTE (2013); AMISHHOMO (2013); MORMON WHISKEY (2012); KHORAN for wine, *In re Lebanese Arak Corp.*, 94

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[1] We limit our holding in this case to the constitutionality of the § 2(a) disparagement provision. Recognizing, however, that other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks, we leave to future panels the consideration of the § 2 provisions other than the disparagement provision at issue here. To be clear, we overrule *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981), and other precedent insofar as they could be argued to prevent a future panel from considering the constitutionality of other portions of § 2 in light of the present decision.

U.S.P.Q. 2d 1215 (T.T.A.B. Mar. 4, 2010); HAVE YOU HEARD THAT SATAN IS A REPUBLICAN? (2010); RIDE HARD RETARD (2009); ABORT THE REPUBLICANS (2009); HEEB, *In re Heeb Media, LLC*, 89 U.S.P.Q. 2d 1071 (T.T.A.B. Nov. 26, 2008); SEX ROD, *Bos. Red Sox Baseball Club L.P. v. Sherman*, 88 U.S.P.Q. 2d 1581 (T.T.A.B. Sept. 9, 2008) (sustaining an opposition on multiple grounds, including disparagement); MARRIAGE IS FOR FAGS (2008); DEMOCRATS SHOULDN'T BREED (2007); REPUBLICANS SHOULDN'T BREED (2007); 2 DYKE MINIMUM (2007); WET BAC/WET B.A.C. (2007); URBAN INJUN (2007); SQUAW VALLEY, *In re Squaw Valley Dev. Co.*, 80 U.S.P.Q. 2d 1264 (T.T.A.B. June 2, 2006); DON'T BE A WET BACK (2006); FAGDOG (2003); N.I.G.G.A. NATURALLY INTELLIGENT GOD GIFTED AFRICANS (1996); a mark depicting a defecating dog, *Greyhound Corp. v. Both Worlds, Inc.*, 6 U.S.P.Q. 2d 1635 (T.T.A.B. Mar. 30, 1988) (found to disparage Greyhound's trademarked running dog logo); an image consisting of the national symbol of the Soviet Union with an "X" over it, *In re Anti-Communist World Freedom Cong., Inc.*, 161 U.S.P.Q. 304 (T.T.A.B. Feb. 24, 1969); DOUGH-BOY for "a prophylactic preparation for the prevention of venereal diseases," *Doughboy Indus., Inc. v. Reese Chem. Co.*, 88 U.S.P.Q. 227 (T.T.A.B. Jan. 25, 1951).

A disparaging mark is a mark which "dishonors by comparison with what is inferior, slights, deprecates, degrades, or affects or injures by unjust comparison." *Geller*, 751 F.3d at 1358 (alterations omitted). To determine if a mark is disparaging under § 2(a), a trademark examiner of the PTO considers:

> (1) What is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
>
> (2) If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.

Trademark Manual of Exam. Proc. ("TMEP") § 1203.03(b)(i) (Jan. 2015 ed.) (citing *Geller*, 751 F.3d at 1358). If the examiner "make[s] a prima facie showing that a substantial composite, although not necessarily a majority, of the referenced group would find the proposed mark, as used on or in connection with the relevant goods or services, to be disparaging in the context of contemporary attitudes," the burden shifts to the applicant for rebuttal. *Id.* If the applicant fails to rebut the prima facie case of disparagement, the examiner refuses to register the mark. The Trademark Manual of Examining Procedure does not require an examiner who finds a mark disparaging to consult her supervisor or take any further steps to ensure the provision is applied fairly and consistently across the agency. *Compare* TMEP § 1203.03 (no discussion of action to take if examiner finds mark disparaging), *with* TMEP § 1203.01 (requiring examiner who finds a mark scandalous or immoral to consult his supervisor). A single examiner, with no input from her supervisor, can reject a mark as disparaging by

determining that it would be disparaging to a substantial composite of the referenced group.

II. Facts of This Case

Mr. Tam is the "front man" for the Asian-American dance-rock band The Slants. Mr. Tam named his band The Slants to "reclaim" and "take ownership" of Asian stereotypes. J.A. 129-30. The band draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes, J.A. 130, and its albums include "The Yellow Album" and "Slanted Eyes, Slanted Hearts." The band "feel[s] strongly that Asians should be proud of their cultural heri[ta]ge, and not be offended by stereotypical descriptions." J.A. 52. With their lyrics, performances, and band name, Mr. Tam and his band weigh in on cultural and political discussions about race and society that are within the heartland of speech protected by the First Amendment.

On November 14, 2011, Mr. Tam filed the instant application (App. No. 85/472,044) seeking to register the mark THE SLANTS for "Entertainment in the nature of live performances by a musical band," based on his use of the mark since 2006.[2] The examiner refused to register Mr. Tam's mark, finding it likely disparaging to "persons of Asian descent" under § 2(a). The examiner found that the mark likely referred to

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[2] This is Mr. Tam's second application for the mark THE SLANTS. In 2010, Mr. Tam filed App. No. 77/952,263 seeking to register the mark for "Entertainment, namely, live performances by a musical band." The examiner found the mark disparaging to people of Asian descent under § 2(a) and therefore refused to register it. Mr. Tam appealed that refusal to the Board, but the case was dismissed for failure to file a brief.

people of Asian descent in a disparaging way, explaining that the term "slants" had "a long history of being used to deride and mock a physical feature" of people of Asian descent. J.A. 42. And even though Mr. Tam may have chosen the mark to "reappropriate the disparaging term," the examiner found that a substantial composite of persons of Asian descent would find the term offensive. J.A. 43.

The Board affirmed the examiner's refusal to register the mark. The Board wrote that "it is abundantly clear from the record not only that THE SLANTS . . . would have the 'likely meaning' of people of Asian descent but also that such meaning has been so perceived and has prompted significant responses by prospective attendees or hosts of the band's performances." *In re Tam*, No. 85472044, 2013 WL 5498164, at *5 (T.T.A.B. Sept. 26, 2013) ("*Board Opinion*"). To support its finding that the mark likely referred to people of Asian descent, the Board pointed to dictionary definitions, the band's website, which displayed the mark next to "a depiction of an Asian woman, utilizing rising sun imagery and using a stylized dragon image," and a statement by Mr. Tam that he selected the mark in order to "own" the stereotype it represents. *Id.* The Board also found that the mark is disparaging to a substantial component of people of Asian descent because "[t]he dictionary definitions, reference works and all other evidence unanimously categorize the word 'slant,' when meaning a person of Asian descent, as disparaging," and because there was record evidence of individuals and groups in the Asian community objecting to Mr. Tam's use of the word. *Id.* at *7. The Board

therefore disqualified the mark for registration under § 2(a).

Mr. Tam appealed, arguing that the Board erred in finding the mark disparaging and that § 2(a) is unconstitutional. On appeal, a panel of this Court affirmed the Board determination that the mark is disparaging.[3] *In re Tam*, 785 F.3d 567, 570-71 (Fed. Cir. 2015) ("*Panel Opinion*"), *reh'g en banc granted, opinion vacated*, 600 Fed. Appx. 775 (Fed. Cir. 2015) ("*En Banc Order*"). Although the term "slants" has several meanings, the panel found that substantial evidence supported the Board's finding that the mark likely refers to people of Asian descent. *Panel Op.* at 570-71. This included an article in which Mr. Tam described the genesis of the band's name by explaining: "I was trying to think of things that people associate with Asians. Obviously, one of the first things people say is that we have slanted eyes. . . . " *Id.* at 570 (quoting J.A. 130). Moreover, the band's Wikipedia page stated that the band's name is "derived from an ethnic slur for Asians." *Id.* (quoting J.A. 57). The Wikipedia entry quoted Mr. Tam: "We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We're very proud of being Asian—we're not going to hide that fact. The reaction from the Asian community has been positive." J.A. 57. The record included an image from the band's website in which the mark THE SLANTS is set against Asian imagery. *Id.* (citing J.A. 59). Finally, the record included unrebutted evidence that both individuals and Asian groups have

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[3] We reinstate the panel's holding that Mr. Tam's mark is disparaging.

perceived the term as referring to people of Asian descent. *Id.* at 570-71 (citing, e.g., J.A. 95 ("[Mr. Tam] was initially slated to give the keynote address at the 2009 Asian American Youth Leadership Conference in Portland. But some conference supporters and attendees felt the name of the band was offensive and racist, and out of respect for these opinions the conference organizers decided to choose someone less controversial.")).

The panel also found that substantial evidence supported the Board's finding that the mark is disparaging to a substantial composite of people of Asian descent. *Panel Op.* at 571. It noted that the definitions in evidence universally characterize the word "slant" as disparaging, offensive, or an ethnic slur when used to refer to a person of Asian descent, including the dictionary definitions provided by Mr. Tam. *Id.* The record also included a brochure published by the Japanese American Citizens League describing the term "slant," when used to refer to people of Asian descent, as a "derogatory term" that is "demeaning" and "cripple[s] the spirit." *Id.* (quoting J.A. 48-49). Finally, the record included news articles and blog posts discussing the offensive nature of the band's name. *Id.* (citing *Board Op.* at *2-3; J.A. 45, 51, 94-98, 100).

Having found the mark disparaging under § 2(a), the panel held that binding precedent foreclosed Mr. Tam's arguments that § 2(a) is unconstitutional, including Mr. Tam's argument that § 2(a) violates the First Amendment on its face. *Panel Op.* at 572-73. As the panel explained, in *McGinley*, our predecessor court held that the refusal to register a mark under

§ 2(a) does not bar the applicant from using the mark, and therefore does not implicate the First Amendment. *Id.* at 572 (citing *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981)). The entirety of the *McGinley* analysis was:

> With respect to appellant's First Amendment rights, it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark.

660 F.2d at 484 (citations omitted). In subsequent cases, panels of this Court relied on the holding in *McGinley*. *See In re Fox*, 702 F.3d 633, 635 (Fed. Cir. 2012); *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003); *In re Mavety Media Grp.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994). Additional views by the panel's authoring judge questioned whether the en banc court should reconsider the constitutionality of § 2(a) en banc. *Panel Op.* at 573-85 (Moore, J., additional views).

More than thirty years have passed since the decision in *McGinley*, and in that time both the *McGinley* decision and our reliance on it have been widely criticized.[4] *Id.* at 573-74. Furthermore, the *McGinley*

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[4] *See, e.g.*, *Ritchie v. Simpson*, 170 F.3d 1092, 1103 & n.1 (Fed. Cir. 1999) (Newman, J., dissenting); *Pro-Football Inc. v. Harjo*, No. 99-1385(CKK), 2000 WL 1923326, at *4 (D.D.C. Dec. 11, 2000); Stephen Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks*, 83 TRADEMARK REPORTER 661, 685-86 (1993); Justin G. Blankenship, *The Cancellation of Redskins as a Disparaging*

analysis was cursory, without citation to legal authority, and decided at a time when the First Amendment had only recently been applied to commercial speech. *Id.* at 574, 581 (citing *Cent. Hudson*, 447 U.S. at 566, 100 S. Ct. 2343). First Amendment jurisprudence on the unconstitutional conditions doctrine and the protection accorded to commercial speech has evolved significantly since the *McGinley* decision. *Id.* at 574; *see also id.* at 574-580 (describing evolution of commercial speech doctrine and unconstitutional conditions doctrine).

Trademark: Is Federal Trademark Law an Appropriate Solution for Words That Offend?, 72 U. COLO. L. REV. 415, 443-44 (2001); Terence Dougherty, *Group Rights to Cultural Survival: Intellectual Property Rights in Native American Cultural Symbols*, 29 COLUM. HUM. RTS. L. REV. 355, 383 (1998); Bruce C. Kelber, *"Scalping the Redskins:" Can Trademark Law Start Athletic Teams Bearing Native American Nicknames and Images on the Road to Racial Reform?*, 17 HAMLINE L. REV. 533, 556 (1994); Paul Kuruk, *Goading a Reluctant Dinosaur: Mutual Recognition Agreements as a Policy Response to the Misappropriation of Foreign Traditional Knowledge in the United States*, 34 PEPP. L. REV. 629, 662 n.209 (2007); Michelle B. Lee, *Section 2(a) of the Lanham Act as a Restriction on Sports Team Names: Has Political Correctness Gone Too Far?*, 4 SPORTS L.J. 65, 66-67 (1997); Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of Redskins?*, 52 STAN. L. REV. 665, 676-77 (2000); Nell Jessup Newton, *Memory and Misrepresentation: Representing Crazy Horse*, 27 CONN. L. REV. 1003, 1030 n.109 (1995); Ron Phillips, *A Case for Scandal and Immorality: Proposing Thin Protection of Controversial Trademarks*, 17 U. BALT. INTELL. PROP. L.J. 55, 67-68 (2008); Jendi Reiter, *Redskins and Scarlet Letters: Why "Immoral" and "Scandalous" Trademarks Should Be Federally Registrable*, 6 FED. CIR. BAR. J. 191, 197 (1996); Lilit Voskanyan, *The Trademark Principal Register as a Nonpublic Forum*, 75 U. CHI. L. REV. 1295, 1302 (2008).

Other courts' reliance on the reasoning in *McGinley* further reinforces the importance of taking this case en banc. Without analysis, the Fifth Circuit wrote that "[w]e join our sister circuit in rejecting [the applicant's] argument that prohibiting him from registering a mark with the PTO violates his [F]irst [A]mendment rights." *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559, 578 n.9 (5th Cir. 2005). And a district court in the Eastern District of Virginia relied upon *McGinley* when it concluded that the cancellation of trademark registrations under § 2(a) did not implicate the First Amendment. *Pro-Football, Inc.*, — F. Supp. 3d at —, 2015 WL 4096277, at *8-10 ("[T]he Court agrees with the Federal Circuit and Fifth Circuit and holds that Section 2(a) of the Lanham Act does not implicate the First Amendment.").

For these reasons, we sua sponte ordered rehearing en banc. We asked the parties to file briefs on the following issue:

> Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment?

En Banc Order at 775. In addition to the parties' briefs, we received ten amicus briefs. We heard oral argument on October 2, 2015.

DISCUSSION

I. Section 2(a)'s Denial of Important Legal Rights to Private Speech Based on Disapproval of the Message Conveyed Is Subject to, and Cannot Survive, Strict Scrutiny

Strict scrutiny is used to review any governmental regulation that burdens private speech based on disapproval of the message conveyed. Section 2(a),

which denies important legal rights to private speech on that basis, is such a regulation. It is therefore subject to strict scrutiny. It is undisputed that it cannot survive strict scrutiny.

A. The Disparagement Provision, Which Discriminates Based on Disapproval of the Message, Is Not Content or Viewpoint Neutral

"Content-based regulations are presumptively invalid." *R.A.V. v. City of St. Paul*, 505 U.S. 377, 382, 112 S. Ct. 2538, 120 L. Ed. 2d 305 (1992); *see also Ashcroft v. ACLU*, 542 U.S. 656, 660, 124 S. Ct. 2783, 159 L. Ed. 2d 690 (2004). "Content-based laws—those that target speech based on its communicative content—are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests." *Reed v. Town of Gilbert*, — U.S. —, 135 S. Ct. 2218, 2226, 192 L. Ed. 2d 236 (2015); *see also Police Dep't of Chi. v. Mosley*, 408 U.S. 92, 95, 92 S. Ct. 2286, 33 L. Ed. 2d 212 (1972) ("[A]bove all else, the First Amendment means that the government has no power to restrict expression because of its message, its ideas, its subject matter, or its content."). A regulation is content based even when its reach is defined simply by the topic (subject matter) of the covered speech. *See Reed*, 135 S. Ct. at 2230.

Viewpoint-based regulations, targeting the substance of the viewpoint expressed, are even more suspect. They are recognized as a particularly "egregious form of content discrimination," *id.*, though they have sometimes been discussed without being cleanly separated from topic discrimination, *see, e.g., Mosley*, 408 U.S. at 95, 92 S. Ct. 2286. Such measures

"raise[] the specter that the government may effectively drive certain ideas or viewpoints from the marketplace." *Simon & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd.*, 502 U.S. 105, 116, 112 S. Ct. 501, 116 L. Ed. 2d 476 (1991); *see also Sorrell v. IMS Health Inc.*, — U.S. —, 131 S. Ct. 2653, 2667, 180 L. Ed. 2d 544 (2011); *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 828, 115 S. Ct. 2510, 132 L. Ed. 2d 700 (1995). "The First Amendment requires heightened scrutiny whenever the government creates 'a regulation of speech because of disagreement with the message it conveys.'" *Sorrell*, 131 S. Ct. at 2664 (quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 791, 109 S. Ct. 2746, 105 L. Ed. 2d 661 (1989)). This is true whether the regulation bans or merely burdens speech. "[H]eightened judicial scrutiny is warranted" when an act "is designed to impose a specific, content-based burden on protected expression." *Id.*; *see also Rosenberger*, 515 U.S. at 828, 115 S. Ct. 2510 ("[T]he government offends the First Amendment when it imposes financial burdens on certain speakers based on the content of their expression."). "The distinction between laws burdening and laws banning speech is but a matter of degree. The Government's content-based burdens must satisfy the same rigorous scrutiny as its content-based bans." *United States v. Playboy Entm't Grp., Inc.*, 529 U.S. 803, 812, 120 S. Ct. 1878, 146 L. Ed. 2d 865 (2000). "Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content." *Sorrell*, 131 S. Ct. at 2664; *see also infra* at 1340.

It is beyond dispute that § 2(a) discriminates on the basis of content in the sense that it "applies to particular speech because of the topic discussed." *Reed*,

135 S. Ct. at 2227. Section 2(a) prevents the registration of disparaging marks—it cannot reasonably be argued that this is not a content-based restriction or that it is a content-neutral regulation of speech. And the test for disparagement—whether a substantial composite of the referenced group would find the mark disparaging—makes clear that it is the nature of the message conveyed by the speech which is being regulated. If the mark is found disparaging by the referenced group, it is denied registration. "Listeners' reaction to speech is not a content-neutral basis for regulation." *Forsyth Cty. v. Nationalist Movement*, 505 U.S. 123, 134, 112 S. Ct. 2395, 120 L. Ed. 2d 101 (1992).

And § 2(a) does more than discriminate on the basis of topic. It also discriminates on the basis of message conveyed, "the idea or message expressed," *Reed*, 135 S. Ct. at 2227; it targets "viewpoints [in] the marketplace," *Simon & Schuster*, 502 U.S. at 116, 112 S. Ct. 501. It does so as a matter of avowed and undeniable purpose, and it does so on its face.[5]

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[5] Both parties agree that this appeal is appropriately viewed as involving a facial challenge. A law is facially invalid if "a substantial number of its applications are unconstitutional, judged in relation to the statute's plainly legitimate sweep." *Wash. State Grange v. Wash. State Republican Party*, 552 U.S. 442, 449 n.6, 128 S. Ct. 1184, 170 L. Ed. 2d 151 (2008) (internal quotation marks omitted). In other words, to succeed in his facial challenge, Mr. Tam must "demonstrate a substantial risk that application of the provision will lead to the suppression of speech." *Nat'l Endowment for the Arts v. Finley*, 524 U.S. 569, 580, 118 S. Ct. 2168, 141 L. Ed. 2d 500 (1998). The marks refused registration under the disparagement provision are protected speech. And the government refused to register all of these marks because it found they

First, the government enacted and continues to defend § 2(a) "because of disagreement with the message [disparaging marks] convey[]." *Sorrell*, 131 S. Ct. at 2664. When the government refuses to register a mark under § 2(a), it does so because it disapproves of "the message a speaker conveys" by the mark. *Reed*, 135 S. Ct. at 2227. Underscoring its hostility to these messages, the government repeatedly asserts in its briefing before this court that it ought to be able to prevent the registration of "the most vile racial epithets and images," Appellee's En Banc Br. 1, and "to dissociate itself from speech it finds odious," *id.* 41. The legislative history of § 2(a) reinforces this conclusion. *See* Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess. 18-21 (1939) (statement of Rep. Thomas E. Robertson) (Rep. Maroney) ("[W]e would not want to have Abraham Lincoln gin."); *id.* (Rep. Rogers) (stating that a mark like "Abraham Lincoln gin ought not to be used," and that § 2(a) "would take care of [such] abuses"). From its enactment in 1946 through its defense of the statute today, the government has argued that the prohibited marks

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convey a disparaging message. More than a "substantial number" of § 2(a)'s applications of the disparagement provision rest on disapproval of the expressive message conveyed—every rejection under the disparagement provision is a message-based denial of otherwise-available legal rights. Thus, we conclude that § 2(a) is invalid on its face. That conclusion follows from the standards for First Amendment facial invalidation and also fits the rationale for those standards: it avoids maintaining on the books a rule that called for case-by-case litigation over particular marks, based on speakers' intent and government interests or other factors, which would threaten to produce the very chilling effect that First Amendment facial-invalidity standards condemn.

ought not to be registered because of the messages the marks convey. When the government discriminates against speech because it disapproves of the message conveyed by the speech, it discriminates on the basis of viewpoint. *Sorrell*, 131 S. Ct. at 2664.

The legal significance of viewpoint discrimination is the same whether the government disapproves of the message or claims that some part of the populace will disapprove of the message. This point is recognized in the Supreme Court's long-standing condemnation of government impositions on speech based on adverse reactions among the public. *See, e.g., Snyder v. Phelps*, 562 U.S. 443, 460-61, 131 S. Ct. 1207, 179 L. Ed. 2d 172 (2011); *R.A.V.*, 505 U.S. 377, 112 S. Ct. 2538, 120 L. Ed. 2d 305; *Texas v. Johnson*, 491 U.S. 397, 414, 109 S. Ct. 2533, 105 L. Ed. 2d 342 (1989).

Second, the disparagement provision at issue is viewpoint discriminatory on its face. The PTO rejects marks under § 2(a) when it finds the marks refer to a group in a negative way, but it permits the registration of marks that refer to a group in a positive, non-disparaging manner. In this case the PTO refused to register Mr. Tam's mark because it found the mark "disparaging" and "objectionable" to people of Asian descent. *Tam*, 2013 WL 5498164, at *6. But the PTO has registered marks that refer positively to people of Asian descent. *See, e.g.*, CELEBRASIANS, ASIAN EFFICIENCY. Similarly, the PTO has prohibited the registration of marks that it found disparaged other groups. *See, e.g., Pro-Football*, — F. Supp. 3d —, 2015 WL 4096277 (affirming cancellation of REDSKINS); *Geller*, 751 F.3d 1355 (affirming rejection of STOP THE ISLAMISATION OF

AMERICA); *Lebanese Arak Corp.*, 94 U.S.P.Q. 2d 1215 (refusing to register KHORAN for wine); *Heeb Media*, 89 U.S.P.Q. 2d 1071 (refusing to register HEEB); *Squaw Valley Dev. Co.*, 80 U.S.P.Q. 2d 1264 (refusing to register SQUAW VALLEY for one class of goods, but registering it for another). Yet the government registers marks that refer to particular ethnic groups or religions in positive or neutral ways—for example, NAACP, THINK ISLAM, NEW MUSLIM COOL, MORMON SAVINGS, JEWISHSTAR, and PROUD 2 B CATHOLIC.

The government argues that § 2(a) is viewpoint neutral because it does not eliminate any particular view-point—only particular words. Appellee's En Banc Br. 39-40. It argues that under § 2(a), two marks with diametrically opposed viewpoints will both be refused, so long as those marks use the same disparaging term. *Id.* 39-40. It points to Mr. Tam—who does not seek to express an anti-Asian viewpoint—as proof. It cites a statement in *R.A.V.* that a hypothetical statute that prohibited "odious racial epithets . . . to proponents of all views" would not be viewpoint discriminatory. *Id.* 40 (quoting 505 U.S. at 391, 112 S. Ct. 2538); *see also Ridley v. Mass. Bay Transp. Auth.*, 390 F.3d 65, 90-91 (1st Cir. 2004) (holding that "guidelines prohibiting demeaning or disparaging ads are themselves viewpoint neutral").

The *R.A.V.* statement does not apply here. The government's starting point—that it rejects marks conveying diametrically opposed viewpoints, if they contain the same offensive word—is incorrect. The PTO looks at what message the referenced group takes from the applicant's mark in the context of the

applicant's use, and it denies registration only if the message received is a negative one. Thus, an applicant can register a mark if he shows it is perceived by the referenced group in a positive way, even if the mark contains language that would be offensive in another context. For example, the PTO registered the mark DYKES ON BIKES, U.S. Reg. No. 3,323,803, after the applicant showed the term was often enough used with pride among the relevant population. In *Squaw Valley*, the Board allowed the registration of the mark SQUAW VALLEY in connection with one of the applied-for classes of goods (namely, skiing-related products), but not in connection with a different class of goods. 80 U.S.P.Q. 2d at *22. Section 2(a) does not treat identical marks the same. A mark that is viewed by a substantial composite of the referenced group as disparaging is rejected. It is thus the viewpoint of the message conveyed which causes the government to burden the speech. This form of regulation cannot reasonably be argued to be content neutral or viewpoint neutral.

The government's argument also fails because denial of registration under § 2(a) turns on the referenced group's perception of a mark. Speech that is offensive or hostile to a particular group conveys a distinct viewpoint from speech that carries a positive message about the group. STOP THE ISLAMISATION OF AMERICA and THINK ISLAM express two different viewpoints. Under § 2(a), one of these viewpoints garners the benefits of registration, and one does not. The government enacted § 2(a), and defends it today, because it is hostile to the messages conveyed by the refused marks. Section 2(a) is a viewpoint-discriminatory regulation of speech, created

and applied in order to stifle the use of certain disfavored messages. Strict scrutiny therefore governs its First Amendment assessment—and no argument has been made that the measure survives such scrutiny.

B. The Disparagement Provision Regulates the Expressive Aspects of the Mark, Not Its Function As Commercial Speech

The government cannot escape strict scrutiny by arguing that § 2(a) regulates commercial speech. True, trademarks identify the source of a product or service, and therefore play a role in the "dissemination of information as to who is producing and selling what product, for what reason, and at what price." *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765, 96 S. Ct. 1817, 48 L. Ed. 2d 346 (1976). But they very commonly do much more than that. And, critically, it is always a mark's expressive character, not its ability to serve as a source identifier, that is the basis for the disparagement exclusion from registration. The disparagement provision must be assessed under First Amendment standards applicable to what it targets, which is not the commercial-speech function of the mark.

This case exemplifies how marks often have an expressive aspect over and above their commercial-speech aspect. Mr. Tam explicitly selected his mark to create a dialogue on controversial political and social issues. With his band name, Mr. Tam makes a statement about racial and ethnic identity. He seeks to shift the meaning of, and thereby reclaim, an emotionally charged word. He advocates for social change and challenges perceptions of people of Asian descent. His band name pushes people. It offends.

Despite this—indeed, because of it—Mr. Tam's band name is expressive speech.

Importantly, *every time* the PTO refuses to register a mark under § 2(a), it does so because it believes the mark conveys an expressive message—a message that is disparaging to certain groups. STOP THE ISLAMISATION OF AMERICA is expressive. In refusing to register the mark, the Board explained that the "mark's admonition to 'STOP' Islamisation in America 'sets a negative tone and signals that Islamization is undesirable and is something that must be brought to an end in America.'" *Geller*, 751 F.3d at 1361. And by finding HEEB and SQUAW VALLEY disparaging, the PTO necessarily did so based on its finding that the marks convey an expressive message over and above their function as source identifiers —namely, an expressive message disparaging Jewish and Native American people. It was these expressive messages that the government found objectionable, and that led the government to refuse to register or to cancel the marks. In doing so, the government made moral judgments based solely and indisputably on the marks' expressive content. Every single time registration is refused or cancelled pursuant to the disparagement provision, it is based upon a determination by the government that the expressive content of the message is unsuitable because it would be viewed by the referenced group as disparaging them.

"Commercial speech is no exception" to the need for heightened scrutiny of content-based impositions seeking to curtail the communication of particular information or messages. *Sorrell*, 131 S. Ct. at 2664. Indeed, "[a] consumer's concern for the free flow of com-

mercial speech often may be far keener than his concern for urgent political dialogue." *Id.* (internal quotation marks omitted). Strict scrutiny must apply to a government regulation that is directed at the expressive component of speech. That the speech is used in commerce or has a commercial component should not change the inquiry when the government regulation is entirely directed to the expressive component of the speech. This is not a government regulation aimed at the commercial component of speech. *See Va. State Bd. of Pharmacy*, 425 U.S. at 765, 96 S. Ct. 1817 (commercial speech involves the "dissemination of information as to who is producing and selling what product, for what reason, and at what price"); *see id.* at 762, 96 S. Ct. 1817 (defining "commercial speech" as speech that does "no more than propose a commercial transaction"); *Bd. of Trs. of State Univ. of N.Y. v. Fox*, 492 U.S. 469, 473-74, 109 S. Ct. 3028, 106 L. Ed. 2d 388 (1989); *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 423, 113 S. Ct. 1505, 123 L. Ed. 2d 99 (1993).

In *R.A.V.*, the Supreme Court explained the key point: under First Amendment law, government measures often affect speech that has a dual character, and when they do, which First Amendment standard is applicable depends on which aspect of the speech is targeted by the measure being reviewed. *See* 505 U.S. at 385, 112 S. Ct. 2538 ("The proposition that a particular instance of speech can be proscribable on the basis of one feature (*e.g.*, obscenity) but not on the basis of another (*e.g.*, opposition to the city government) is commonplace and has found application in many contexts."). In particular, commercial speech that is "inextricably intertwined" with expressive

speech is treated as expressive speech under the First Amendment when the expressive aspect is being regulated. *Riley v. Nat'l Fed'n of the Blind*, 487 U.S. 781, 796, 108 S. Ct. 2667, 101 L. Ed. 2d 669 (1988). Here, § 2(a) targets speech that is of "public concern," because it "can be fairly considered as relating to any matter of political, social, or other concern to the community." *Snyder v. Phelps*, 562 U.S. 443, 453, 131 S. Ct. 1207, 179 L. Ed. 2d 172 (2011) (internal quotation marks omitted). It therefore "occupies the highest rung of the hierarchy of First Amendment values, and is entitled to special protection." *Id.* at 452, 131 S. Ct. 1207 (internal quotation marks omitted).

Because § 2(a) discriminates on the basis of the content of the message conveyed by the speech, it follows that it is presumptively invalid, and must satisfy strict scrutiny to be found constitutional. "In the ordinary case it is all but dispositive to conclude that a law is content-based and, in practice, viewpoint-discriminatory." *Sorrell*, 131 S. Ct. at 2667. The government here does not even argue that § 2(a) satisfies strict scrutiny.

II. Section 2(a) Is Not Saved From Strict Scrutiny Because It Bans No Speech or By Government-Speech or Government-Subsidy Doctrines

Faced with the daunting prospect of defending a content- and viewpoint-discriminatory regulation of speech, the government argues that § 2(a) does not implicate the First Amendment at all. First, the government suggests that § 2(a) is immune from First Amendment scrutiny because it prohibits no speech, but leaves Mr. Tam free to name his band as he wishes and use this name in commerce. Second, the govern-

ment suggests that trademark registration is government speech, and thus the government can grant and reject trademark registrations without implicating the First Amendment. Finally, the government argues that § 2(a) merely withholds a government subsidy for Mr. Tam's speech and is valid as a permissible definition of a government subsidy program. We reject each of the government's arguments.

A. Strict Scrutiny Applies to § 2(a), Which Significantly Chills Private Speech on Discriminatory Grounds, Though It Does Not Ban Speech

The government argues that § 2(a) does not implicate the First Amendment because it does not prohibit any speech. Appellee's En Banc Br. 17. The government's argument is essentially the same as that of our predecessor court in *McGinley*: "it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed." 660 F.2d at 484 (citations omitted). But the First Amendment's standards, including those broadly invalidating message discrimination, are not limited to such prohibitions. *See Pitt News v. Pappert*, 379 F.3d 96, 111-12 (3d Cir. 2004) (Alito, J.) ("The threat to the First Amendment arises from the imposition of financial burdens that may have the effect of influencing or suppressing speech, and whether those burdens take the form of taxes or some other form is unimportant.").

The point has been recognized in various doctrinal settings. "For if the government could deny a benefit to a person because of his constitutionally protected speech or associations, his exercise of those freedoms

would in effect be penalized and inhibited. This would allow the government to produce a result which it could not command directly." *Perry v. Sindermann*, 408 U.S. 593, 597, 92 S. Ct. 2694, 33 L. Ed. 2d 570 (1972) (internal quotation marks and alterations omitted). This premise—that denial of a benefit would chill exercise of the constitutional right—undergirds every unconstitutional conditions doctrine case, discussed *infra*. *See, e.g.*, *Speiser v. Randall*, 357 U.S. 513, 518, 78 S. Ct. 1332, 2 L. Ed. 2d 1460 (1958) ("It is settled that speech can be effectively limited by the exercise of the taxing power. To deny an exemption to claimants who engage in certain forms of speech is in effect to penalize them for such speech." (citation omitted)); *Bd. of Cty. Comm'rs v. Umbehr*, 518 U.S. 668, 674, 116 S. Ct. 2342, 135 L. Ed. 2d 843 (1996) (loss of a valuable benefit "in retaliation for speech may chill speech on matters of public concern"); *Legal Servs. Corp. v. Velazquez*, 531 U.S. 533, 545, 121 S. Ct. 1043, 149 L. Ed. 2d 63 (2001); *Rosenberger*, 515 U.S. at 835, 115 S. Ct. 2510 (explaining that "[v]ital First Amendment speech principles are at stake here," including danger arising "from the chilling of individual thought and expression").

The general principle is clear: "Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content." *Sorrell*, 131 S. Ct. at 2664. "[T]he government's ability to impose content-based burdens on speech raises the specter that the government may effectively drive certain ideas or viewpoints from the marketplace." *Simon & Schuster*, 502 U.S. at 116, 112 S. Ct. 501. A law may burden speech even when it does so indirectly. In *Sorrell*, the challenged statute did not directly ban

speech, but rather forbade certain pharmaceutical marketing executives from obtaining and using information that could help them market their products more effectively. 131 S. Ct. at 2659-60. The Court found that the state "ha[d] burdened a form of protected expression," while leaving "unburdened those speakers whose messages are in accord with its own views." *Id.* at 2672.

Here, too, § 2(a) burdens some speakers and benefits others. And while it is true that a trademark owner may use its mark in commerce even without federal registration, it has been widely recognized that federal trademark registration bestows *truly* significant and financially valuable benefits upon markholders. *B & B Hardware*, 135 S. Ct. at 1300; *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 199-200, 105 S. Ct. 658, 83 L. Ed. 2d 582 (1985) (valuable new rights were created by the Lanham Act); McCarthy at § 19:9, :11 ("Registration of a mark on the federal Principal Register confers a number of procedural and substantive legal advantages over reliance on common law rights. . . . Registration on the Principal Register should be attempted if it is at all possible."); McCarthy at § 2:14 ("Businesspeople regard trademarks as valuable assets and are willing to pay large sums to buy or license a well-known mark."); Lee Ann W. Lockridge, *Abolishing State Trademark Registrations*, 29 Cardozo Arts & Ent. L.J. 597, 605 (2011) ("[T]he incentives to pursue federal registration . . . are now so significant as to make federal registration indispensable for any owner making an informed decision about its trademark rights. A federal registration is the only rational choice."); Susan M. Richey, *The Second Kind of Sin: Making the*

Case for a Duty to Disclose Facts Related to Genericism and Functionality in the Trademark Office, 67 Wash. & Lee L. Rev. 137, 174 (2010) ("Federal registration has evolved into a powerful tool for trademark holders. . . . "); Patricia Kimball Fletcher, *Joint Registration of Trademarks and the Economic Value of a Trademark System*, 36 U. Miami L. Rev. 297, 298-99 (1982) ("Federal registration under the Lanham Act is advantageous, however, because it increases the owner's legal rights in the mark, making the mark itself more valuable. Thus, trademark owners have significant legal and economic interests in obtaining federal registration of trademarks.").

Denial of these benefits creates a serious disincentive to adopt a mark which the government may deem offensive or disparaging. Br. of Amici Curiae ACLU 12 ("If a group fears that its chosen name will be denied federal trademark protection by the government's invocation of Section 2(a), it will be less likely to adopt the name, at least in part because the associative value of the trademark itself is lessened when it is unlikely that a group will be the exclusive holder of that mark."); Br. of Amicus Curiae Pro-Football, Inc. 15 ("Section 2(a) certainly works to chill speech. . . . Through it, the Government uses threatened denial of registration to encourage potential registrants not to use 'disparaging' names. Faced with the possibility of being denied a registration—or worse, cancellation after years of investment-backed brand development —new brand owners are more likely to avoid brand names that may be arguably controversial for fear of later being deemed 'disparaging.'"); Br. of Amicus Curiae First Amendment Lawyers Ass'n 7 ("Individuals and businesses refrain from using certain terms as

trademarks for fear the PTO might see the terms as immoral, scandalous, or derogatory, in violation of section 2(a). Such self-censorship narrows the spectrum of speech in the public marketplace."); Br. of Amici Curiae Rutherford Inst. 12 ("Denial of registration indisputably has the effect of placing applicants at a legal and financial disadvantage."); Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of Redskins?*, 52 Stan. L. Rev. 665, 678 (2000) ("[I]t is clear that section 2(a) of the Lanham Act, by denying the valuable registration right to scandalous or disparaging trademarks, imposes a financial disincentive to the use of such marks in commercial communication."); Michelle B. Lee, *Section 2(a) of the Lanham Act as a Restriction on Sports Team Names: Has Political Correctness Gone Too Far?*, 4 Sports L.J. 65, 69 (1997) ("Use [of disparaging marks] is discouraged by cancellation of registration by a loss of the benefits that go along with it. These benefits go well beyond those granted by the common law, and a loss of them will remove advantages which make the property more valuable.").

For those reasons, the § 2(a) bar on registration creates a strong disincentive to choose a "disparaging" mark. And that disincentive is not cabined to a clearly understandable range of expressions. The statute extends the uncertainty to marks that "may disparage." 15 U.S.C. § 1052(a). The uncertainty as to what *might be deemed* disparaging is not only evident on its face, given the subjective-reaction element and shifting usages in different parts of society.[6] It is

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[6] In 1939, the Assistant Commissioner of Patents testified during congressional hearings on the Lanham Act that "it is always going

confirmed by the record of PTO grants and denials over the years, from which the public would have a hard time drawing much reliable guidance.[7]

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to be just a matter of the personal opinion of the individual parties as to whether they think it is disparaging." *See* Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess. 18-21 (1939) (statement of Leslie Frazer, Assistant Comm'r of Patents) (Mr. Frazer). And further interpretation has helped little. The definition of a disparaging mark—a mark that "dishonors by comparison with what is inferior, slights, deprecates, degrades, or affects or injures by unjust comparison"—provides little clarity. *Geller*, 751 F.3d at 1358 (alterations omitted). In *In re In Over Our Heads*, the PTO admitted that "[t]he guidelines for determining whether a mark is scandalous or disparaging are somewhat vague and the determination of whether a mark is scandalous or disparaging is necessarily a highly subjective one." No. 755,278, 1990 WL 354546, at *1 (T.T.A.B. 1990) (alterations and quotation marks omitted).

[7] The PTO's record of trademark registrations and denials often appears arbitrary and is rife with inconsistency. The PTO denied the mark HAVE YOU HEARD SATAN IS A REPUBLICAN because it disparaged the Republican Party, App. Ser. No. 85/077647, but did not find the mark THE DEVIL IS A DEMOCRAT disparaging, App. Ser. No. 85/525,066 (abandoned after publication for other reasons). The PTO registered the mark FAGDOG three times and refused it twice, at least once as disparaging. *Compare* Reg. Nos. 2,926,775; 2,828,396; *and* 3,174,475, *with* App. Ser. Nos. 76/454,927 *and* 75/950,535. The PTO refused to register the marks FAG FOREVER A GENIUS!, App. Ser. No. 86/089,512, and MARRIAGE IS FOR FAGS, App. Ser. No. 77/477,549, but allowed the mark F*A*G FABULOUS AND GAY, Reg. No. 2,997,761 (abandoned after publication for other reasons). And PTO examiners have registered DANGEROUS NEGRO, CELEBRETARDS, STINKY GRINGO, MIDGET-MAN, and OFF-WHITE TRASH—all marks that could be offensive to a substantial composite of the referenced group. We see no rationale for the PTO's seemingly arbitrary registration decisions, let alone one that would give applicants much guidance.

Such uncertainty of speech-affecting standards has long been recognized as a First Amendment problem, *e.g.*, in the overbreadth doctrine. *See Broadrick v. Oklahoma*, 413 U.S. 601, 613, 615, 93 S. Ct. 2908, 37 L. Ed. 2d 830 (1973). It has also been recognized as a problem under Fifth Amendment vagueness standards as they have been specially applied in the First Amendment setting.[8] All we need say about the uncertainty here, however, is that it contributes significantly to the chilling effect on speech.

The disincentive to choose a particular mark extends to any mark that could require the expenditure of substantial resources in litigating to obtain regis-

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[8] A vague law that regulates speech on the basis of message "raises special First Amendment concerns because of its obvious chilling effect on free speech." *Reno v. ACLU*, 521 U.S. 844, 871-72, 117 S. Ct. 2329, 138 L. Ed. 2d 874 (1997). Thus, if a "law interferes with the right of free speech or of association, a more stringent vagueness test should apply." *Vill. of Hoffman Estates v. Flipside, Hoffman Estates, Inc.*, 455 U.S. 489, 499, 102 S. Ct. 1186, 71 L. Ed. 2d 362 (1982). The Supreme Court reiterated these principles just three years ago:

> Even when speech is not at issue, the void for vagueness doctrine addresses at least two connected but discrete due process concerns: first, that regulated parties should know what is required of them so they may act accordingly; second, precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way. *See Grayned v. City of Rockford*, 408 U.S. 104, 108-109, 92 S. Ct. 2294, 33 L. Ed. 2d 222 (1972). When speech is involved, rigorous adherence to those requirements is necessary to ensure that ambiguity does not chill protected speech.

F.C.C. v. Fox Television Stations, Inc., — U.S. —, 132 S. Ct. 2307, 2317-18, 183 L. Ed. 2d 234 (2012).

tration in the first place. And the disincentive does not stop there, because the disparagement determination is not a onetime matter. Even if an applicant obtains a registration initially, the mark may be challenged in a cancellation proceeding years later. Thus, after years of investment in promoting a registered mark and coming to be known by it, a mark's owner may have to (re)litigate its character under § 2(a) and might lose the registration. This effectively forces the mark's owner to find a new mark and make substantial new investments in educating the public that the products known by the old mark are now known by the new mark and, more generally, in establishing recognition of the new mark. The "disparagement" standard steers applicants away from choosing a mark that might result in these problems any time in the future.

Not surprisingly, "those who are denied registration under Section 2(a) often abandon the denied application and file a new one, indicating that they have changed their name rather than bear the costs of using a 'disparaging' mark or challenge the PTO's determination." Br. of Amicus Curiae Pro-Football, Inc. 15. In many cases, as soon as a trademark examiner issues a rejection based upon disparagement, the applicant immediately abandons the trademark application. *See, e.g.*, AMISHHOMO (abandoned 2013); MORMON WHISKEY (abandoned 2012); HAVE YOU HEARD THAT SATAN IS A REPUBLICAN? (abandoned 2010); DEMOCRATS SHOULDN'T BREED (abandoned 2008); REPUBLICANS SHOULDN'T BREED (abandoned 2008); 2 DYKE MINIMUM (abandoned 2007); WET BAC/WET B.A.C. (abandoned 2007);

DON'T BE A WET BACK (abandoned 2006); FAGDOG (abandoned 2003).

The importance of the benefits of federal trademark registration explains the strength of the incentive to avoid marks that are vulnerable under § 2(a). For example, the holder of a federally registered trademark has a right to exclusive nationwide use of that mark anywhere there is not already a prior use that proceeds registration. *See* 15 U.S.C. §§ 1072, 1115. In the absence of federal registration, if a trademark owner has any common law rights, they are "limited to the territory in which the mark is known and recognized by those in the defined group of potential customers." McCarthy at § 26:2. Without the recognition of nationwide constructive use conferred by federal registration, a competitor can swoop in and adopt the same mark for the same goods in a different location. Without federal registration, the applicant does not have prima facie evidence of the mark's validity or its ownership or exclusive use of the mark. 15 U.S.C. § 1057(b). And a common law trademark can never become incontestable. *Id.* § 1065. Without federal registration, a trademark user cannot stop importation of goods bearing the mark, or recover treble damages for willful infringement. *Id.* §§ 1117, 1124. The common law provides no rights like these.

Contrary to the suggestion by the government, Mr. Tam is likely also barred from registering his mark in nearly every state. Three years after the enactment of the Lanham Act, the United States Trademark Association prepared the Model State Trademark Act—a bill patterned on the Lanham Act in many respects. McCarthy at § 22:5. The Model Act con-

tains language barring a mark from registration if it "consists of or comprises matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." 1964 Model State Trademark Act, § 2. Following the lead of the federal government, virtually all states have adopted the Model Act and its disparagement provision. McCarthy at § 22:5. Thus, not only are the benefits of federal registration unavailable to Mr. Tam, so too are the benefits of trademark registration in nearly all states.[9]

The government argues that the denial of Mr. Tam's registration "does not eliminate any common-law rights that might exist in [his] mark." Appellee's En Banc Br. 20. But as the government's use of "might" indicates, it is unclear whether Mr. Tam could actually enforce any common law rights to a disparaging mark.[10] The 1964 Model State Trademark Act, which most states have adopted, provides that "[n]othing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law." § 14. However, the term "mark" is defined as "any trademark or service mark *entitled* to registration under this Act whether registered or not." § 1.C (emphasis added). Common law

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[9] And even if Mr. Tam could register his mark in a state, the benefits of state registration are limited by the boundaries of the individual state or the geographic scope of the actual use of the mark within the state. They are by no means the nationwide benefits afforded to federally registered trademarks.

[10] Not surprisingly, holders of disparaging marks like Mr. Tam have not argued that they lack these common law rights on account of their marks not being registrable. They have little incentive to give this argument away.

rights to a mark may thus be limited to marks "entitled to registration." Whether a user of an unregistrable, disparaging mark has any enforceable common law rights is at best unclear. *See* Justin G. Blankenship, *The Cancellation of Redskins as a Disparaging Trademark: Is Federal Trademark Law an Appropriate Solution for Words That Offend?*, 72 U. Colo. L. Rev. 415, 451 (2001) ("[A]ny mark that is canceled under section 2(a) of the Lanham Act for being scandalous or disparaging is unlikely to find much protection under common law principles either, although this will ultimately be determined by state courts applying their own common law principles."); Llewellyn Joseph Gibbons, *Semiotics of the Scandalous and the Immoral and the Disparaging: Section 2(A) Trademark Law After Lawrence v. Texas*, 9 Marq. Intell. Prop. L. Rev. 187, 232 (2005) ("[A]s immoral, scandalous, and/or disparaging marks may not be registered under either state or federal law, nor do they enjoy common law protection, there appears to be no way of establishing a legally recognized property right in these marks."); Stephen Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks*, 83 TRADEMARK REPORTER 661, 795 (1993) (disparaging marks are presumably "unprotect[a]ble pursuant to state common law"). The Restatement (Third) of Unfair Competition notes that the Lanham Act and the Model State Trademark Bill both prohibit registration of disparaging marks and that adoption and use of such marks may preclude enforcement under the common law doctrine of unclean hands. Restatement (Third) of Unfair Competition § 32 cmt. c (1995). The government has not pointed to a single case where the common-law holder

of a disparaging mark was able to enforce that mark, nor could we find one. The government's suggestion that Mr. Tam has common-law rights to his mark appears illusionary.[11]

Whether Mr. Tam has enforceable common-law rights to his mark or could bring suit under § 43(a) does not change our conclusion. Federal trademark registration brings with it valuable substantive and procedural rights unavailable in the absence of registration. These benefits are denied to anyone whose trademark expresses a message that the government finds disparages any group, Mr. Tam included. The

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[11] The government also argues that Mr. Tam "may" have rights under 15 U.S.C. § 1125(a) ("Section 43(a)"). First, those rights would not include the benefits afforded to federally registered marks. Furthermore, it is not at all clear that Mr. Tam could bring a § 43(a) unfair competition claim. Section 43(a) allows for a federal suit to protect an unregistered trademark, much like state common law. But there is no authority extending § 43(a) to marks denied under § 2(a)'s disparagement provision. To the contrary, courts have suggested that § 43(a) is only available for marks that are registrable under § 2. *See Two Pesos*, 505 U.S. at 768, 112 S. Ct. 2753 (section 43(a) "protects qualifying unregistered trademarks and . . . the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)"); *Yarmuth-Dion, Inc. v. D'ion Furs, Inc.*, 835 F.2d 990, 992 (2d Cir. 1987) (requiring a plaintiff to "demonstrate that his [unregistered] mark merits protection under the Lanham Act"); *see also Renna v. Cty. of Union*, 88 F. Supp. 3d 310, 320 (D.N.J. 2014) ("Section 2 declares certain marks to be unregistrable because they are inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either."). And we have found no case allowing a § 43(a) action on a mark rejected or cancelled under § 2(a).

loss of these rights, standing alone, is enough for us to conclude that § 2(a) has a chilling effect on speech. Denial of federal trademark registration on the basis of the government's disapproval of the message conveyed by certain trademarks violates the guarantees of the First Amendment.

B. Trademark Registration Is Not Government Speech

The government suggests, and several amici argue, that trademark registration is government speech, and as such outside the coverage of the First Amendment. *See* Appellee's En Banc Br. 41-42; Br. of Amici Curiae Nat'l Asian Pacific Am. Bar Ass'n 19-22; Br. of Amici Curiae Blackhorse 13-23. "The Free Speech Clause restricts government regulation of private speech; it does not regulate government speech." *Pleasant Grove City v. Summum*, 555 U.S. 460, 467, 129 S. Ct. 1125, 172 L. Ed. 2d 853 (2009). Although we find it difficult to understand the government's precise position as to how trademark registration constitutes government speech, we conclude that there is no government speech at issue in the rejection of disparaging trademark registrations that would insulate § 2(a) from First Amendment review.

Wisely, the government does not argue that a mark-holder's use or enforcement of its federally registered trademark is government speech. Use of a mark by its owner is clearly private speech. Trademarks identify the source of a product, and are often closely associated with the actual product. A mark's purpose—to identify the source of goods—is antithetical to the notion that a trademark is tied to the government. The fact that COCA COLA and PEPSI may be

registered trademarks does not mean the government has endorsed these brands of cola, or prefers them over other brands. We see no reason that a markholder's use of its mark constitutes government speech.

Instead, the government appears to argue that trademark registration and the accoutrements of registration—such as the registrant's right to attach the ® symbol to the registered mark, the mark's placement on the Principal Register, and the issuance of a certificate of registration—amount to government speech. *See* Oral Argument at 52:40-53:07; 54:20-54:32. This argument is meritless. Trademark registration is a regulatory activity. These manifestations of government registration do not convert the underlying speech to government speech. And if they do, then copyright registration would likewise amount to government speech. Copyright registration has identical accoutrements—the registrant can attach the © symbol to its work, registered copyrights are listed in a government database, and the copyright owner receives a certificate of registration. The logical extension of the government's argument is that these indicia of registration convert the underlying speech into government speech unprotected by the First Amendment. Thus, the government would be free, under this logic, to prohibit the copyright registration of any work deemed immoral, scandalous, or disparaging to others. This sort of censorship is not consistent with the First Amendment or government speech jurisprudence.

In *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*, the Supreme Court detailed the indicia of government speech. — U.S. —, 135 S. Ct. 2239,

192 L. Ed. 2d 274 (2015). The Court concluded that specialty license plates were government speech, even though a state law allowed individuals, organizations, and nonprofit groups to request certain designs. The Court found several considerations weighing in favor of this holding. It emphasized that "the history of license plates shows that, insofar as license plates have conveyed more than state names and vehicle identification numbers, they long have communicated messages from the States." *Id.* at 2248. It stressed that "[t]he State places the name 'TEXAS' in large letters at the top of every plate," that "the State requires Texas vehicle owners to display license plates, and every Texas license plate is issued by the State," that "Texas also owns the designs on its license plates," and that "Texas dictates the manner in which drivers may dispose of unused plates." *Id.* As a consequence, the Court reasoned, "Texas license plate designs 'are often closely identified in the public mind with the State.'" *Id.* (quoting *Summum*, 555 U.S. at 472, 129 S. Ct. 1125 (alteration omitted)). Amidst all of its other aspects of control, moreover, "Texas maintains direct control over the messages conveyed on its specialty plates." *Id.* at 2249. "Indeed, a person who displays a message on a Texas license plate likely intends to convey to the public that the State has endorsed that message." *Id.*

The government's argument in this case that trademark registration amounts to government speech is at odds with the Supreme Court's analysis in *Walker* and unmoored from the very concept of government speech. When the government registers a trademark, the only message it conveys is that a mark is registered. The vast array of private trademarks are

not created by the government, owned or monopolized by the government, sized and formatted by the government, immediately understood as performing any government function (like unique, visible vehicle identification), aligned with the government, or (putting aside any specific government-secured trademarks) used as a platform for government speech. There is simply no meaningful basis for finding that consumers associate registered private trademarks with the government.

Indeed, the PTO routinely registers marks that no one can say the government endorses. *See, e.g.*, RADICALLY FOLLOWING CHRIST IN MISSION TOGETHER, U.S. Reg. No. 4,759,522; THINK ISLAM, U.S. Reg. No. 4,719,002 (religious marks); GANJA UNIVERSITY, U.S. Reg. No. 4,070,160 (drug-related); CAPITALISM SUCKS DONKEY BALLS, U.S. Reg. No. 4,744,351; TAKE YO PANTIES OFF, U.S. Reg. No. 4,824,028; and MURDER 4 HIRE, U.S. Reg. No. 3,605,862. As the government itself explains, "the USPTO does not endorse any particular product, service, mark, or registrant" when it registers a mark. Appellee's En Banc Br. 44. For decades, the government has maintained that:

> [J]ust as the issuance of a trademark registration by this Office does not amount to government endorsement of the quality of the goods to which the mark is applied, the act of registration is not a government imprimatur or pronouncement that the mark is a "good" one in an aesthetic, or any analogous, sense.

In re Old Glory Condom Corp., 26 U.S.P.Q. 2d 1216, 1219-20 n.3 (T.T.A.B. Mar. 3, 1993); *see also* McCarthy

at § 19:3.50 ("[G]overnment registration of a mark is neither a government endorsement of the quality of the goods to which the mark is applied nor a government pronouncement that the mark is a good or reliable one in any moral or commercial sense."); Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of Redskins?*, 52 Stan. L. Rev. 665, 684 (2000) ("The overwhelming majority of the public encounters trademarks in their roles as product identifiers, not as the beneficiaries of a federal registration scheme. The public is unlikely to believe that a registered trademark designation accompanying a word or logo on a product reflects government endorsement."). Trademarks are understood in society to identify the source of the goods sold, and to the extent that they convey an expressive message, that message is associated with the private party that supplies the goods or services. Trademarks are not understood to convey a government message or carry a government endorsement.

The government argues that use of the ® symbol, being listed in a database of registered marks, and having been issued a registration certificate makes trademark registration government speech. These incidents of registration do not convert private speech into government speech. The government does not own the trademark designs or the underlying goods to which the trademark is affixed as the state owned the license plates in *Walker*. Markholders are not even required to use the ® symbol on their goods. 15 U.S.C. § 1111. And if simply affixing the ® symbol converted private speech into government speech then the government would be free to regulate the content, viewpoint, and messages of registered copyrights. A

copyright registration likewise allows the copyright owner to affix a © symbol, 17 U.S.C. § 401, but this symbol does not convert the copyrighted work into government speech or permit the government to grant some copyrights and deny others on account of the work's message. Just as the public does not associate the copyrighted works *Nigger: The Strange Career of a Troublesome Word* or *Fifty Shades of Grey* with the government, neither does the public associate individual trademarks such as THE SLANTS with the government.

Similarly, a registered mark's placement on the Principal Register or publication in the PTO's Official Gazette does not morph the private expression being registered into government expression. As a preliminary matter, it is not entirely clear what the Principal Register is. There is apparently no government-published book of all trademark registrations; instead, the Principal Register is at most an internet database hosted on the PTO's website. *See* U.S. Patent and Trademark Office, Search Trademark Database, *available at* http://www.uspto.gov/trademarks-application-process/search-trademark-database. If being listed in a government database or published in a list of registrations were enough to convert private speech to government speech, nearly every action the government takes—every parade permit granted, every property title recorded, every hunting or fishing license issued—would amount to government speech. The government could record recipients of parade permits in an official database or publish them weekly, thus insulating content-based grants of these permits from judicial review. Governmental agencies could assign TV and radio licenses

and states could refuse to license medical doctors with no First Amendment oversight by "registering" these licenses in an online database, or by allowing licensees to display a mark by their name. The fact that the government records a trademark in a database of all registered trademarks cannot possibly be the basis for concluding that government speech is involved.

Finally, the issuance of a registration certificate signed by the Director with the seal of the United States Patent and Trademark Office does not convert private expression or registration into government speech. This is a certificate, a piece of paper, which the trademark owner is free to do with as it wishes. The government maintains no control over the certificates. The government does not require companies to display their trademark registration certificate, or dictate the manner in which markholders may dispose of unused registration certificates. It is not public like license plates or monuments. When copyrights are granted, the copyright owner receives a similar registration certificate with the seal and signed by the Registrar of Copyrights. 17 U.S.C. § 410(a). And patents issue "in the name of the United States of America, under the seal of the Patent and Trademark Office," with a gold seal and red ribbon attached. 35 U.S.C. § 153; *see also* U.S. Patent and Trademark Office, Patent Process Overview, *available at* http://www.uspto.gov/patents-getting-started/patent process-overview#step7 (explaining that patent grants are issued with "a gold seal and red ribbon on the cover"). These certificates do not convert the registered subject matter into government speech such that the government is free to regulate its content. The public simply does not view these registra-

tion certificates as the government's expression of its ideas or as the government's endorsement of the ideas, inventions, or trademarks of the private speakers to whom they are issued.

In short, the act of registration, which includes the right (but not the obligation) to put an ® symbol on one's goods, receiving a registration certificate, and being listed in a government database, simply cannot amount to government speech. The PTO's processing of trademark registrations no more transforms private speech into government speech than when the government issues permits for street parades, copyright registration certificates, or, for that matter, grants medical, hunting, fishing, or drivers licenses, or records property titles, birth certificates, or articles of incorporation. To conclude otherwise would transform every act of government registration into one of government speech and thus allow rampant viewpoint discrimination. When the government registers a trademark, it regulates private speech. It does not speak for itself.

C. Section 2(a) Is Not a Government Subsidy Exempt from Strict Scrutiny

We reject the government's argument that § 2(a)'s message-based discrimination is merely the government's shaping of a subsidy program. The government's defense is contrary to the long-established unconstitutional conditions doctrine. The Supreme Court has repeatedly invalidated denials of "benefits" based on message-based disapproval of private speech that is not part of a government-speech program. In such circumstances, denial of an otherwise-available benefit is unconstitutional at least where, as here, it

has a significant chilling effect on private speech. *Bd. of Cty. Comm'rs*, 518 U.S. at 674, 116 S. Ct. 2342 (1996) (explaining that "the threat of the loss of [a valuable financial benefit] in retaliation for speech may chill speech on matters of public concern"); *id.* ("[r]ecognizing that constitutional violations may arise from the deterrent, or 'chilling,' effect of governmental efforts that fall short of a direct prohibition against the exercise of First Amendment rights") (citations and alterations omitted).

Under the unconstitutional conditions doctrine:

> [E]ven though a person has no 'right' to a valuable governmental benefit and even though the government may deny him the benefit for any number of reasons, there are some reasons upon which the government may not rely. It may not deny a benefit to a person on a basis that infringes his constitutionally protected interests—especially, his interest in freedom of speech.

Perry, 408 U.S. at 597, 92 S. Ct. 2694. The Supreme Court, applying this doctrine, held that a state college could not refuse to retain a professor because of his public criticism of that college's policy, even though the professor had no right to reemployment, and even though the government had not directly prohibited the professor from speaking. *Id.* at 597-98, 92 S. Ct. 2694. This is because "[t]o deny [a benefit] to claimants who engage in certain forms of speech is in effect to penalize them for such speech." *Speiser v. Randall*, 357 U.S. 513, 518, 78 S. Ct. 1332, 2 L. Ed. 2d 1460 (1958); *Perry*, 408 U.S. at 597, 92 S. Ct. 2694 ("For if the government could deny a benefit to a person because of his constitutionally protected speech or asso-

ciations, his exercise of those freedoms would in effect be penalized and inhibited.").

Since *Perry*, the Supreme Court has wrestled with how to apply the unconstitutional conditions doctrine while protecting Congress's ability to direct government spending. The Spending Clause of the U.S. Constitution, which grants Congress the power "[t]o lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States," U.S. Const. Art. I, § 8, cl. 1, "provides Congress broad discretion to tax and spend for the 'general Welfare,' including by funding particular state or private programs or activities." *Agency for Int'l Dev. v. Alliance for Open Soc'y Int'l, Inc.*, — U.S. —, 133 S. Ct. 2321, 2327-28, 186 L. Ed. 2d 398 (2013). This includes "the authority to impose limits on the use of such funds to ensure they are used in the manner Congress intends," even when these limits exclude protected speech or other constitutionally protected conduct. *Id.* at 2328 (citing *Rust v. Sullivan*, 500 U.S. 173, 195 n.4, 111 S. Ct. 1759, 114 L. Ed. 2d 233 (1991)). The Court reasoned that "if a party objects to a condition on the receipt of federal funding," it can always decline the funds. *Id.*

"[W]hen the Government appropriates public funds to establish a program it is entitled to define the limits of that program." *United States v. Am. Library Ass'n*, 539 U.S. 194, 211, 123 S. Ct. 2297, 156 L. Ed. 2d 221 (2003) (quoting *Rust*, 500 U.S. at 194, 111 S. Ct. 1759). For purposes of a message-discriminatory condition on the grant of government funds, the Supreme Court has said that the government can "disburse[] public funds to private entities to convey a

governmental message." *Legal Servs. Corp. v. Velazquez*, 531 U.S. 533, 541, 121 S. Ct. 1043, 149 L. Ed. 2d 63 (2001) (citation omitted). When it does so, "it may take legitimate and appropriate steps to ensure that its message is neither garbled nor distorted by the grantee." *Id.* Therefore, "viewpoint-based funding decisions can be sustained in instances . . . in which the government used private speakers to transmit specific information pertaining to its own program." *Id.* (citations omitted).

Thus, in *Rust*, the government could prohibit the expenditure of public federal family planning funds on abortion-related counseling because the government distributed those funds to promote the conveying of a particular message. *Rosenberger*, 515 U.S. at 833, 115 S. Ct. 2510 (citing *Rust*, 500 U.S. at 194, 111 S. Ct. 1759); *Velazquez*, 531 U.S. at 541, 121 S. Ct. 1043 (noting that *Rust* must be understood as resting on the conclusion that it involved "government speech"). Relatedly, although there was no majority opinion in *American Library Ass'n*, the Court upheld a specific congressional determination not to give money for technology to be used for supporting particular speech (pornography) in particular circumstances (in public libraries where non-user patrons likely would inadvertently see it), even then only upon confirming the minor nature of the burden on the user patrons involved. 539 U.S. at 211-12, 123 S. Ct. 2297 (upholding conditioning public libraries' receipt of federal subsidies on their use of Internet filtering software, because Congress was entitled to insist that "public funds be spent for the purposes for which they were authorized" (quotation marks omitted)). Earlier, the Court had recognized that tax exemptions or deductions were a

form of subsidy for First Amendment analysis. *Regan v. Taxation with Representation of Wash.*, 461 U.S. 540, 544, 103 S. Ct. 1997, 76 L. Ed. 2d 129 (1983) ("Both tax exemptions and tax-deductibility are a form of subsidy that is administered through the tax system."); *id.* (explaining that tax-exempt status "has much the same effect as a cash grant to an organization").

The government's discretion to direct its spending, while broad, is not unbounded, and the limits take account of the real-world effect on the speech of those subject to the conditions. If a program arises under the Spending Clause, Congress is free to attach "conditions that define the limits of the government spending program—those that specify the activities Congress wants to subsidize." *Agency for Int'l Dev.*, 133 S. Ct. at 2328. However, Congress does not have the authority to attach "conditions that seek to leverage funding to regulate speech outside the contours of the program itself." *Id.* "Congress cannot recast a condition on funding as a mere definition of its program in every case, lest the First Amendment be reduced to a simple semantic exercise." *Velazquez*, 531 U.S. at 547, 121 S. Ct. 1043. The Court held that Congress could not restrict appropriations aimed at combating the spread of HIV/AIDS to only organizations having policies affirmatively opposing prostitution and sex trafficking, which would make such organizations unable to convey a contrary message. *Agency for Int'l Dev.*, 133 S. Ct. at 2330-31. The Court struck down Congress's conditioning of funding to public broadcasters on their refraining from editorializing, even with their non-federal money. *FCC v. League of Women Voters*, 468 U.S. 364, 104 S. Ct. 3106, 82 L. Ed.

2d 278 (1984). And in *Regan*, the Court, in upholding the subsidy of certain organizations for lobbying, took pains to note the relatively easy work-around for other unsubsidized organizations to achieve a comparable position for lobbying and the absence of any attempt to suppress ideas. 461 U.S. at 548, 103 S. Ct. 1997; *see Leathers v. Medlock*, 499 U.S. 439, 452, 111 S. Ct. 1438, 113 L. Ed. 2d 494 (1991) (discussing *Regan*).

The government argues that trademark registration is a form of government subsidy that the government may refuse where it disapproves of the message a mark conveys. It contends: "Congress has at least as much discretion to determine which terms and symbols should be registered and published by a federal agency as it would to determine which private entities should receive federal funds." Appellee's En Banc Br. 29. But as already described, trademark registration is not a program through which the government is seeking to get its message out through recipients of funding (direct or indirect). And for the reasons described above, the denial of registration has a major chilling effect on private speech, because the benefits of registration are so substantial. Nor is there a ready work-around to maintain private speech without significant disadvantage. Markholders cannot, for example, realistically have two brand names, one inoffensive, non-disparaging one (which would be able to secure registration) and a second, expressive, disparaging one (which would be unregistrable and unprotectable).

In any event, the scope of the subsidy cases has never been extended to a "benefit" like recognition of legal rights in speakers against private interference.

The cases cannot be extended to any "program" conferring legal rights on the theory that the government is free to distribute the legal rights it creates without respecting First Amendment limits on content and viewpoint discrimination. Not surprisingly, the subsidy cases have all involved government funding or government property.

The government cites *Ysursa v. Pocatello Education Ass'n*, 555 U.S. 353, 129 S. Ct. 1093, 172 L. Ed. 2d 770 (2009), and *Davenport v. Washington Education Ass'n*, 551 U.S. 177, 127 S. Ct. 2372, 168 L. Ed. 2d 71 (2007), in support of its subsidy defense of § 2(a). Appellee's En Banc Br. 28-29. But they are inapposite. Both *Davenport* and *Ysursa* center on challenges to the constitutionality of state laws limiting the ability of public-sector unions to spend on political speech non-members' money the unions obtain through the government's affirmative use of its own payroll systems. *Davenport*, 551 U.S. at 180, 127 S. Ct. 2372 (considering constitutionality of law prohibiting payroll deductions for political spending unless the union had the affirmative consent of the non-member); *Ysursa*, 555 U.S. at 355, 129 S. Ct. 1093 (considering constitutionality of law completely prohibiting payroll deductions for political spending). Even in the context of use of government property, the Court focused on the absence of viewpoint discrimination, holding that the programs placed a "reasonable, viewpoint-neutral limitation" on the unions' abilities to enlist the government's aid in acquiring the money of government employees for spending on political speech to which particular employees might object. *Davenport*, 551 U.S. at 189, 127 S. Ct. 2372; *see also Ysursa*, 555 U.S. at 361 n.3, 129 S. Ct. 1093. The

prohibitions were not "aimed at the suppression of dangerous ideas." *Ysursa*, 555 U.S. at 359, 129 S. Ct. 1093 (alterations omitted); *see also Davenport*, 551 U.S. at 190, 127 S. Ct. 2372 ("Quite obviously, no suppression of ideas is afoot.").

These cases do not speak to Congress's power to enact viewpoint-discriminatory regulations like § 2(a). The government does not shy away from the fact that the purpose of § 2(a) is to discourage, and thereby eliminate, disparaging marks, particularly marks that include "the most vile racial epithets," "religious insults," "ethnic caricatures," and "misogynistic images." Appellee's En Banc Br. 1-3. On its face, § 2(a) is aimed at the suppression of dangerous ideas, unlike the provisions in *Ysursa* and *Davenport*. Moreover *Ysursa* and *Davenport* both took place in "the unique context of public-sector agency-shop arrangements," where the government was "act[ing] in a capacity other than as regulator." *Davenport*, 551 U.S. at 188, 190, 127 S. Ct. 2372. Thus, the risk that the government "may effectively drive certain ideas or viewpoints from the marketplace [was] attenuated." *Id.* at 188, 127 S. Ct. 2372. Section 2(a) is regulation of speech that targets expressive content and thereby threatens to drive ideas or viewpoints from the marketplace.

In determining if a condition on a favorable government action is unconstitutional, courts—both before and after *Davenport* and *Ysursa*—have distinguished between government actions that implicate the government's power to spend and government actions that do not. For example, the Ninth Circuit considered the constitutionality of a treaty under which certain "educational, scientific and cultural

audio-visual materials" were granted various benefits, including exemption from import duties. *Bullfrog Films, Inc. v. Wick*, 847 F.2d 502, 503 (9th Cir. 1988). The government argued, as it does here, that the regulations stemming from the treaty did not "punish or directly obstruct [filmmakers'] ability to produce or disseminate their films," but amount to "the government simply declining to pay a subsidy." *Id.* at 509. The Ninth Circuit rejected the government's "benign characterization" of the regulations and held that the trade benefits were not a subsidy because "no Treasury Department funds [were] involved." *Id.* at 509. Because the trade benefits were not a subsidy, the Ninth Circuit held that the unconstitutional conditions doctrine applied, and found the treaty and implementing regulations unconstitutional. *Id.* at 511.

The Fifth Circuit, sitting en banc, recently considered the constitutionality of a Texas law allowing charitable organizations to hold bingo games so long as the resulting funds were not used for lobbying. *Dep't of Tex., Veterans of Foreign Wars v. Tex. Lottery Comm'n*, 760 F.3d 427, 430 (5th Cir. 2014) (en banc). The Texas Lottery Commission argued that the restrictions were constitutional because they fell within the state government's spending power, which is analogous to the federal government's spending power. *Id.* at 434. The Fifth Circuit agreed that "the government may attach certain speech restrictions to funds linked to the public treasury—when either granting cash subsidies directly from the public coffers . . . or approving the withholding of funds that otherwise would go to the public treasury." *Id.* at 435. But it found the Texas bingo program "wholly distinguishable . . . because no public monies or 'spending'

by the state are involved." *Id.* at 436. Reasoning that the bingo program's primary function is regulatory, further "underscor[ing] the incongruity of [applying] the 'subsidy' paradigm to the bingo program," the Fifth Circuit applied the unconstitutional conditions doctrine and found the lobbying provision unconstitutional. *Id.* at 437-41.

Similarly, the D.C. Circuit recently held that a presidential directive barring lobbyists from serving on international trade advisory committees implicated the First Amendment. *Autor v. Pritzker*, 740 F.3d 176, 177 (D.C. Cir. 2014). The government argued that "when [it] appropriates public funds to establish a program, its decision not to use program funds to subsidize the exercise of a fundamental right does not infringe" the First Amendment. *Id.* at 182 (quotations and alterations omitted). The D.C. Circuit rejected this argument because membership in the advisory committees was a non-financial—albeit valuable—benefit. *Id.* at 182-83. Explaining that "[t]he Supreme Court has never extended the [spending exception] to situations not involving financial benefits," the D.C. Circuit found the directive could be an unconstitutional condition, and remanded for further consideration. *Id.* at 183-84.

Trademark registration does not implicate Congress's power to spend or to control use of government property.[12] Trademark registration is not a subsidy. The benefits of trademark registration, while valuable,

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[12] Counsel for the United States at oral argument disclaimed the notion that a government forum approach was appropriate in the context of trademark registration. *See* Oral Argument at 1:14:25-1:14:58; 1:16:20-1:17:15.

are not monetary. Unlike a subsidy consisting of, for example, HIV/AIDS funding, or tax exemptions, a trademark registration does not directly affect the public fisc. Instead, a registered trademark redefines the nature of the markholder's rights as against the rights of other citizens, depriving others of their ability to use the mark. Like the programs in *Bullfrog* and *Texas Lottery Commission*, the system of trademark registration is a regulatory regime, not a government subsidy program.

The government also argues that because the PTO is funded by appropriations, any government spending requirement is met here. Appellee's En Banc Br. 29-30 (citing 35 U.S.C. § 42(c)(1)-(2)). Trademark registration fees are collected and, "[t]o the extent and in the amounts provided in advance in appropriations Acts," made available "to carry out the activities of the [PTO]." 35 U.S.C. § 42(c)(1). However, since 1991 these appropriations have been funded entirely by registration fees, not the taxpayer. *Figueroa v. United States*, 466 F.3d 1023, 1028 (Fed. Cir. 2006); *see also* 56 Fed. Reg. 65147 (1991); Omnibus Budget Reconciliation Act of 1990, Pub. L. No. 101-508, S. 10101, 1990 U.S.C.C.A.N. (104 Stat.) 1388. The fact that registration fees cover all of the operating expenses associated with registering marks is further evidence that, despite conveying valuable benefits, trademark registration is not a government subsidy.

While PTO operations are fully underwritten by registration fees, some federal funds are nonetheless spent on the registration and enforcement of trademarks. For example, PTO employee benefits, including pensions, health insurance, and life insurance,

are administered by the Office of Personnel Management and funded from the general treasury. *Figueroa*, 466 F.3d at 1028. And registering a trademark may lead to additional government spending, such as when the trademark owner seeks to enforce the trademark through the federal courts and U.S. Customs and Border Patrol. This spending, however, is attenuated from the benefits bestowed by registration. Trademark registration does not implicate the Spending Clause merely because of this attenuated spending, else every benefit or regulatory program provided by the government would implicate the Spending Clause. The Copyright Office is only partially funded by user fees, but copyright registration is nonetheless not a subsidy. *Copyright Office Fees: Registration, Recordation and Related Services; Special Services; Licensing Division Services; FOIA Services*, 79 Fed. Reg. 15910-01 (Mar. 24, 2014) (setting fees to recover "a significant part of the costs to the Office of registering copyright claims"). It would be unreasonable to argue that the government subsidizes an author when it grants him a copyright. Similarly, the programs in Bullfrog and Texas Lottery Commission were likely funded in some part by the government—perhaps also by government benefits paid to employees administering the programs—but the Ninth Circuit and the Fifth Circuit considered only whether the conditioned benefits were paid for by government spending, and not whether the programs were subsidized in more indirect ways. And while the government argued in *Autor* that the government had appropriated public funds to establish the international trade advisory committees, 740 F.3d at 182, the D.C. Circuit nonetheless found that membership on these

advisory committees was not a financial benefit, *id.* at 183.

The fact that the Lanham Act derives from the Commerce Clause, not the Spending Clause, is further evidence that trademark registration is not a subsidy. The purpose of the Lanham Act is to regulate marks used in interstate commerce, prevent customer confusion, and protect the goodwill of markholders, 15 U.S.C. § 1127, not to subsidize markholders. Moreover, the government funding cases have thus far been limited to situations where the government has chosen to limit funding to individuals that are advancing the goals underlying the program the government seeks to fund. *See generally Agency for Int'l Dev.*, 133 S. Ct. at 2324-25; *Rust*, 500 U.S. at 191, 111 S. Ct. 1759; *cf. American Library Ass'n*, 539 U.S. at 211, 123 S. Ct. 2297 (it is not unconstitutional for the government to insist that "public funds be spent for the purposes for which they were authorized"). The restriction on the registration of disparaging marks bears no relation to the objectives, goals, or purpose of the federal trademark registration program. Preventing disparaging marks does not protect trademark owners' investments; in fact, because § 2(a) can be brought in cancellation proceedings decades after a mark is granted, this provision actually undermines this important purpose of the Lanham Act. And the disparagement proscription has never been alleged to prevent consumer confusion or deception. The government's viewpoint —and content-based discrimination in this case is completely untethered to the purposes of the federal trademark registration program. It would be a radical extension of existing precedent to permit the government to rely upon its power to subsidize to justify

its viewpoint discrimination, when that discrimination has nothing to do with the goals of the program in which it is occurring.

Were we to accept the government's argument that trademark registration is a government subsidy and that therefore the government is free to restrict speech within the confines of the trademark program, it would expand the "subsidy" exception to swallow nearly all government regulation. In many ways, trademark registration resembles copyright registration. Under the logic of the government's approach, it follows that the government could refuse to register copyrights without the oversight of the First Amendment. Congress could pass a law prohibiting the copyrighting of works containing "racial slurs," "religious insults," "ethnic caricatures," and "misogynistic images." Appellee's En Banc Br. 2-3. It is difficult to imagine how trademark registration with its attendant benefits could be deemed a government subsidy but copyright registration with its attendant benefits would not amount to a government subsidy. And if both must be treated as government subsidies by virtue of their conference of benefits or advantages, though not public money, then the government has the right to make content—or viewpoint-based determinations over which works to grant registration. This idea—that the government can control speech by denying the benefits of copyright registration to disfavored speech—is anathema to the First Amendment. With this, the government agrees, arguing that copyright registration, unlike trademark registration, is protected by the First Amendment. Oral Arg. at 36:45-38:50. But the government has advanced no principled reason to treat trademark registration dif-

ferently than copyright registration for present purposes. The government admits that any message-based regulation of copyrights would be subject to the First Amendment. We agree, and extend the government's reasoning to § 2(a)'s message-based regulation of trademarks. These registration programs are prototypical examples of regulatory regimes. The government may not place unconstitutional conditions on trademark registration. We reject the government's argument that it is free to restrict constitutional rights within the confines of its trademark registration program.

III. Section 2(a) Is Unconstitutional Even Under the *Central Hudson* Test for Commercial Speech

As discussed above, § 2(a) regulates expressive speech, not commercial speech, and therefore strict scrutiny is appropriate. Trademarks have at times been referred to as commercial speech. *See, e.g., Friedman v. Rogers*, 440 U.S. 1, 11, 99 S. Ct. 887, 59 L. Ed. 2d 100 (1979) (holding that the trade name of an optometrist was commercial speech). They are, after all, commercial identifiers, the symbols and words by which companies distinguish and identify their brands. *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765, 96 S. Ct. 1817, 48 L. Ed. 2d 346 (1976) (defining commercial speech as the "dissemination of information as to who is producing and selling what product, for what reason, and at what price"). It does not follow, however, that all government regulation of trademarks is properly reviewed under the *Central Hudson* intermediate scrutiny standard. Section 2(a) bars registration of disparaging marks. This regulation is squarely based on

the expressive aspect of the speech, not its commercial-speech aspects. It should therefore be evaluated under the First Amendment standards applicable to the regulation of expressive speech. Discrimination against a mark by virtue of its offensive, disparaging nature discriminates against the mark's political or social message. Section 2(a) should be subject to strict scrutiny, and be invalidated for its undisputed inability to survive such scrutiny.

Even if we were to treat § 2(a) as a regulation of commercial speech, it would fail to survive. In *Central Hudson*, the Supreme Court laid out the intermediate-scrutiny framework for determining the constitutionality of restrictions on commercial speech. 447 U.S. at 566, 100 S. Ct. 2343. First, commercial speech "must concern lawful activity and not be misleading." *Id.* If this is the case, we ask whether "the asserted governmental interest is substantial," *id.*, and whether the regulation "directly and materially advanc[es]" the government's asserted interest and is narrowly tailored to achieve that objective. *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 555-56, 121 S. Ct. 2404, 150 L. Ed. 2d 532 (2001). "Under a commercial speech inquiry, it is the State's burden to justify its content-based law as consistent with the First Amendment." *Sorrell*, 131 S. Ct. at 2667.

First, we ask whether the regulated activity is lawful and not misleading. *Cent. Hudson*, 447 U.S. at 563-64, 100 S. Ct. 2343. Unlike many other provisions of § 2, the disparagement provision does not address misleading, deceptive, or unlawful marks. There is nothing illegal or misleading about a disparaging trademark like Mr. Tam's mark.

Next, for speech that is lawful and not misleading, a substantial government interest must justify the regulation. *Id.* at 566, 100 S. Ct. 2343. But § 2(a) immediately fails at this step. The entire interest of the government in § 2(a) depends on disapproval of the message. That is an insufficient interest to pass the test of intermediate scrutiny, as the Supreme Court made clear in *Sorrell*. 131 S. Ct. at 2668 (law must not "seek to suppress a disfavored message"); *id.* at 2670 (rejecting message-based interest as "contrary to basic First Amendment principles"); *see id.* at 2667-68 (finding it unnecessary to rely on strict scrutiny; rejecting justification under *Central Hudson*); *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 69-72, 103 S. Ct. 2875, 77 L. Ed. 2d 469 (1983); *Carey v. Population Servs., Int'l*, 431 U.S. 678, 701 & n.28, 97 S. Ct. 2010, 52 L. Ed. 2d 675 (1977).

The government proffers several interests to justify its bar on disparaging trademarks. It argues principally that the United States is "entitled to dissociate itself from speech it finds odious." Appellee's En Banc Br. 41. This core argument rests on intense disapproval of the disparaging marks. *See, e.g.*, Appellee's En Banc Br. 1 ("the most vile racial epithets and images"); *id.* at 2-3 ("racial slurs . . . or religious insults, ethnic caricatures, misogynistic images, or any other disparaging terms or logos"); *id.* at 14 ("racial epithets"); *id.* at 21 ("racial slurs and similar disparagements"); *id.* at 22 ("including the most vile racial epithets"); *id.* at 41 ("speech [the government] finds odious"); *id.* at 44 ("racial slurs"). And that disapproval is not a legitimate government interest where, as here, for the reasons we have already discussed, there is no plausible basis for treating the speech as

government speech or as reasonably attributed to the government by the public.

The government also argues that it has a legitimate interest in "declining to expend its resources to facilitate the use of racial slurs as source identifiers in interstate commerce." Appellee's En Banc Br. 43. The government's interest in directing its resources does not warrant regulation of these marks. As discussed, trademark registration is user-funded, not taxpayer-funded. The government expends few resources registering these marks. *See supra* at 1353-54. Its costs are the same costs that would be incidental to any governmental registration: articles of incorporation, copyrights, patents, property deeds, etc. In fact, the government spends far more significant funds defending its refusal decisions under the statute. *See McGinley*, 660 F.2d at 487 (Rich, J., dissenting) ("More 'public funds' are being expended in the prosecution of this appeal than would ever result from the registration of the mark."). Finally, labeling this sort of interest as substantial creates an end-run around the unconstitutional conditions doctrine, as virtually all government benefits involve the resources of the federal government in a similar sense. Nearly every government act could be justified under this ground, no matter how minimal. For example, the government could also claim an interest in declining to spend resources to issue permits to racist, sexist, or homophobic protests. The government cannot target speech on this basis, even if it must expend resources to grant parade permits or close down streets to facilitate such speech.

This holds true even though the government claims to have a "compelling interest in fostering racial tolerance." Appellee's En Banc Br. 43 (citing *Bob Jones Univ. v. United States*, 461 U.S. 574, 604, 103 S. Ct. 2017, 76 L. Ed. 2d 157 (1983)). *Bob Jones University* does not stand for the broad proposition the government claims. *Bob Jones University* is a case about racially discriminatory conduct, not speech. The Court held that the government has an interest in combating "racial discrimination in education," not a more general interest in fostering racial tolerance that would justify preventing disparaging speech. *Id.* at 595, 103 S. Ct. 2017.

The invocation of the general racial-tolerance interest to support *speech* regulation is a sharply different matter, as the Supreme Court explained in *R.A.V.*:

> One must wholeheartedly agree with the Minnesota Supreme Court that "[i]t is the responsibility, even the obligation, of diverse communities to confront [virulent notions of racial supremacy] in whatever form they appear," but the manner of that confrontation cannot consist of selective limitations upon speech. St. Paul's brief asserts that a general "fighting words" law would not meet the city's needs because only a content-specific measure can communicate to minority groups that the "group hatred" aspect of such speech "is not condoned by the majority." The point of the First Amendment is that majority preferences must be expressed in some fashion other than silencing speech on the basis of its content.

505 U.S. at 392, 112 S. Ct. 2538 (first alteration in original; citations omitted). What is true of direct

"silencing" is also true of the denial of important legal rights. "[I]n public debate we must tolerate insulting, and even outrageous, speech in order to provide adequate breathing space to the freedoms protected by the First Amendment." *Snyder*, 562 U.S. at 458, 131 S. Ct. 1207 (quoting *Boos v. Barry*, 485 U.S. 312, 322, 108 S. Ct. 1157, 99 L. Ed. 2d 333 (1988)) (alterations omitted). The case law does not recognize a substantial interest in discriminatorily regulating private speech to try to reduce racial intolerance.

Moreover, at the level of generality at which the government invokes "racial tolerance," it is hard to see how one could find that § 2(a) "directly and materially advanc[es]" this interest and is narrowly tailored to achieve that objective. *Lorillard Tobacco Co.*, 533 U.S. at 555-56, 121 S. Ct. 2404. Disparaging speech abounds on the Internet and in books and songs bearing government registered copyrights. And the PTO has granted trademark registrations of many marks with a racially charged character. Further, the connection to a broad goal of racial tolerance would be even weaker to the extent that the government suggests, contrary to our conclusion in II.A *supra*, that denial of registration has no meaningful effect on the actual adoption and use of particular marks in the marketplace.

Finally, the government argues that it has a legitimate interest in "allowing States to make their own determinations about whether trademarks should be unenforceable on grounds of public policy." Appellee's En Banc Br. 44. However, this interest cannot stand alone. If § 2(a) is otherwise unconstitutional, the government cannot render it constitutional by ar-

guing that it is necessary so that states can partake in the same unconstitutional message-based regulation of trademarks. The government, in essence, argues that it has a legitimate interest in leaving the door open for states to violate the Constitution. This interest is certainly not legitimate, let alone substantial.

We conclude that the government has not presented us with a substantial government interest justifying the § 2(a) bar on disparaging marks. All of the government's proffered interests boil down to permitting the government to burden speech it finds offensive. This is not a legitimate interest. With no substantial government interests, the disparagement provision of § 2(a) cannot satisfy the *Central Hudson* test. We hold the disparagement provision of § 2(a) unconstitutional under the First Amendment.

CONCLUSION

Although we find the disparagement provision of § 2(a) unconstitutional, nothing we say should be viewed as an endorsement of the mark at issue. We recognize that invalidating this provision may lead to the wider registration of marks that offend vulnerable communities. Even Mr. Tam, who seeks to reappropriate the term "slants," may offend members of his community with his use of the mark. *See* Br. of Amici Curiae Nat'l Asian Pacific Am. Bar Ass'n 3, 5. But much the same can be (and has been) said of many decisions upholding First Amendment protection of speech that is hurtful or worse. Whatever our personal feelings about the mark at issue here, or other disparaging marks, the First Amendment forbids government regulators to deny registration because they find the speech likely to offend others. Even when

speech "inflict[s] great pain," our Constitution protects it "to ensure that we do not stifle public debate." *Snyder*, 562 U.S. at 461, 131 S. Ct. 1207. The First Amendment protects Mr. Tam's speech, and the speech of other trademark applicants.

We hold that the disparagement provision of § 2(a) is unconstitutional because it violates the First Amendment. We vacate the Board's holding that Mr. Tam's mark is unregistrable, and remand this case to the Board for further proceedings.

O'MALLEY, Circuit Judge, with whom WALLACH, Circuit Judge, joins, concurring.

I agree that the disparagement provision of 15 U.S.C. § 1052(a) ("§ 2(a)") is unconstitutional on its face. I agree, moreover, that § 2(a) cannot survive the searching constitutional scrutiny to which the majority subjects it under the First Amendment to the United States Constitution. On this point, the majority rightly dispenses with this court's precedent in *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981) and its progeny. I write separately, however, because, I believe § 2(a) is also unconstitutionally vague, rendering it unconstitutional under the Fifth Amendment to the United States Constitution.

While the majority acknowledges the vague and uncertain application of § 2(a), Maj. Op. 1341-43, it finds that "[a]ll we need say about the uncertainty here, however, is that it contributes significantly to the chilling effect on speech," *id.* at 1342-43. I agree with the majority's concern about the uncertain nature of § 2(a), but believe those concerns should lead us to do more than note 2(a)'s undoubted chilling effect on

speech. I find § 2(a)'s disparagement provision to be so vague that I would find it to be unconstitutional, whether or not it could survive Appellant's First Amendment challenge.

DISCUSSION

Section 2(a) provides that the Trademark Trial and Appeal Board ("Board") may refuse an application when the trademark "[c]onsists of or comprises . . . matter which *may disparage* . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." (emphasis added). As the majority correctly notes, the language of the statute creates "uncertainty as to what *might be deemed* disparaging." Maj. Op. 1341-42. Both would- be applicants and the Board are left to guess at what may have the potential to disparage a broad range of persons, institutions, symbols, and even undefined "beliefs." And, they are left to guess at whether "may disparage" is the equivalent of bringing into contempt or disrepute, or is a distinct category of impropriety from these latter evils.

Where, as here, the language of a statute evades clarity, "[t]he area of proscribed conduct will be adequately defined and the deterrent effect of the statute contained within constitutional limits only by authoritative constructions sufficiently illuminating the contours of an otherwise vague prohibition." *Dombrowski v. Pfister*, 380 U.S. 479, 490-91, 85 S. Ct. 1116, 14 L. Ed. 2d 22 (1965). The Board has developed a two-step test to determine whether a mark is disparaging:

(1) What is the likely meaning of the matter in question, taking into account not only dictionary

> definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
>
> (2) If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.

Trademark Manual of Exam. Proc. ("TMEP") § 1203.03(b)(i) (Oct. 2015 ed.) (citing, *inter alia*, *In re Geller*, 751 F.3d 1355, 1358 (Fed. Cir. 2014); *Harjo v. Pro-Football Inc.*, 50 U.S.P.Q. 2d 1705, 1740-41 (T.T.A.B. 1999)). Thus, the Board has concluded that a mark may disparage within the meaning of § 2(a) when a majority of the Board believes it "dishonor[s] by comparison with what is inferior, slight[s], deprecate[s], degrade[s], or affect[s] or injure[s] by unjust comparison." *Pro-Football, Inc. v. Harjo*, 284 F. Supp. 2d 96, 124 (D.D.C. 2003) (internal quotation marks omitted) (quoting *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q. 2d 1705, 1737 n.98 (T.T.A.B. 1999)).

The two-step test does little to alleviate § 2(a)'s uncertainty. Indeed, by adding the caveat that a mark can be rejected whenever a mark's meaning may be disparaging to "a substantial composite" of an "identifiable" group, (TMEP § 1203.03(b)(i)), the TMEP compounds the confusion the statute engenders. Thus a mark need only *potentially* disparage a *subset* of *any group* as long as that group can be "identifi[ed]."

One need only examine the disparate ways in which § 2(a) has been applied to see the confusion. While it

is true that a "fertile legal 'imagination can conjure up hypothetical cases in which the meaning of [disputed] terms will be in nice question,'" *Grayned v. City of Rockford*, 408 U.S. 104, 112 n.15, 92 S. Ct. 2294, 33 L. Ed. 2d 222 (1972) (alteration in original) (quoting *Am. Commc'ns Ass'n v. Douds*, 339 U.S. 382, 412, 70 S. Ct. 674, 94 L. Ed. 925 (1950)), the arbitrary application of § 2(a) is easily demonstrated. The majority discusses numerous examples of inconsistent registration decisions. Maj. Op. 1342 n.7. These include examples where there is no conceivable difference between the applied-for marks, yet one is approved and the other rejected. *Compare* HAVE YOU HEARD SATAN IS A REPUBLICAN (Trademark Application Serial No. 85,077,647) (rejected because it disparaged the Republican Party), *with* THE DEVIL IS A DEMOCRAT, Registration No. 85,525,066 (accepted and later abandoned for other reasons). I agree with the majority that there appears to be "no rationale for the PTO's seemingly arbitrary registration decisions, let alone one that would give applicants much guidance." Maj. Op. 1342 n.7.[1]

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[1] Amici also were easily able to uncover examples of inconsistencies in the application of the § 2(a). *See* Br. for American Civil Liberties Union, the American Civil Liberties Union of Oregon, and the American Civil Liberties Union of the Nation's Capital as Amici Curiae 22-24 (discussing "a long line of arbitrary and contradictory decisions" as evidenced by the "countless examples of such irregularities," including, but not limited to, examples where the same mark is rejected in one instance and accepted in another, even for the same use—for example *compare* MADONNA, *In re Riverbank Canning Co.*, 25 CCPA 1028, 95 F.2d 327 (CCPA 1938) (affirming rejection of mark for use on wines as scandalous), *with* MADONNA, Registration No. 3,545,635 (accepted for use on wine)

For § 2(a) to survive a vagueness challenge, the Supreme Court requires it "give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly." *Grayned*, 408 U.S. at 108, 92 S. Ct. 2294. Further, "if arbitrary and discriminatory enforcement is to be prevented, laws must provide explicit standards for those who apply them." *Id.* Given the subjective and hypothetical language of the statute and its well-documented, inconsistent application by the Board, § 2(a) is void for vagueness under even a lax test for vagueness. But the standard we should apply to § 2(a) is not lax.

"The degree of vagueness that the Constitution tolerates . . . depends in part on the nature of the enactment." *Hoffman Estates v. Flipside, Hoffman Estates, Inc.*, 455 U.S. 489, 498, 102 S. Ct. 1186, 71 L. Ed. 2d 362 (1982). "[P]erhaps the most important factor affecting the clarity that the Constitution demands of a law is whether it threatens to inhibit the exercise of constitutionally protected rights. If, for example, the law interferes with the right of free speech . . . , a more stringent vagueness test should apply." *Id.* at 499, 102 S. Ct. 1186. The First Amendment concerns articulated by the majority support application of a "more stringent vagueness test"—one that § 2(a) simply cannot pass.

(Dec. 16, 2008); and MESSIAS, *In re Sociedade Agricola E. Comerical Dos Vinhos Messias, S.A.R.L.*, 159 U.S.P.Q. 275 (T.T.A.B. 1968) (rejected for use on wine and brandy), with IL MESSIA, Registration No. 4,093,035 (accepted for use on wine) (Jan. 31, 2012)). These examples further highlight the subjective nature of the registration standard under § 2(a): it is an unstable standard that apparently depends on shifting sensibilities over time.

a. First Amendment Concerns Require a Stringent Vagueness Test

As the majority points out, "[i]t is beyond dispute that § 2(a) discriminates on the basis of content." Maj. Op. 1335. "[T]he test for disparagement—whether a substantial composite of the referenced group would find the mark disparaging—makes clear that it is the nature of the message conveyed by the speech which is being regulated. If the mark is found disparaging by the referenced group, it is denied registration." *Id.* at 1335. Indeed, the problems with § 2(a) are more substantial than the majority even acknowledges—not only is a trademark's registrability adjudged by the message it conveys, but the message conveyed is adjudged by the potential sensibilities of a broad range of potential listeners.

Under First Amendment principles, "content-based regulation of speech . . . raises special First Amendment concerns because of its obvious chilling effect on free speech." *Reno v. ACLU*, 521 U.S. 844, 872, 117 S. Ct. 2329, 138 L. Ed. 2d 874 (1997). Indeed, "[b]road prophylactic rules in the area of free expression are suspect. Precision of regulation must be the touchstone in an area so closely touching our most precious freedoms." *Edenfield v. Fane*, 507 U.S. 761, 777, 113 S. Ct. 1792, 123 L. Ed. 2d 543 (1993) (internal quotation marks omitted) (quoting *NAACP v. Button*, 371 U.S. 415, 438, 83 S. Ct. 328, 9 L. Ed. 2d 405 (1963)). The Supreme Court's emphasis on precision for content-based regulations is premised on its understanding of

> at least two connected but discrete due process concerns: first, that regulated parties should

> know what is required of them so they may act accordingly; second, precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way. When speech is involved, rigorous adherence to those requirements is necessary to ensure that ambiguity does not chill protected speech.

FCC v. Fox Television Stations, Inc., — U.S. —, 132 S. Ct. 2307, 2317, 183 L. Ed. 2d 234 (2012) (citing *Grayned*, 408 U.S. at 108-109, 92 S. Ct. 2294).

b. Section 2(a) is Void for Vagueness

Section 2(a)'s undeniable chilling effect on speech requires it to pass a "more stringent test" for vagueness in order to pass constitutional muster. *Hoffman*, 455 U.S. at 498, 102 S. Ct. 1186. Recognizing that due process vagueness challenges are more difficult to sustain where civil regulation—as distinct from criminal penalty provisions—are at issue, I believe § 2(a)'s inherent ambiguity makes it difficult for would-be applicants to discern its boundaries and leads to inconsistent and unreliable actions on the part of the government as it seeks to regulate on the basis of content.

First, the imprecise, content-based regulation of trademark registration affects the types of marks sought by would-be registrants. "Vague laws force potential speakers to "'steer far wider of the unlawful zone" . . . than if the boundaries of the forbidden areas were clearly marked.'" *Brown v. Entm't Merchants Ass'n*, — U.S. —, 131 S. Ct. 2729, 2743, 180 L. Ed. 2d 708 (2011) (quoting *Baggett v. Bullitt*, 377 U.S. 360, 372, 84 S. Ct. 1316, 12 L. Ed. 2d 377 (1964)).

The majority opinion rightly concludes that, given the Board's inconsistency, "the public would have a hard time drawing much reliable guidance." Maj. Op. 1342. The "uncertainty of speech-affecting standards has long been recognized as a First Amendment problem," and the uncertainty inherent in § 2(a) "contributes significantly to the chilling effect on speech." Maj. Op. 1342.[2]

Next, the absence of clear standards for the application of § 2(a) provides the government with virtually unlimited ability to pick and choose which marks to allow and which to deny. And neither § 2(a) itself nor the TMEP's two-step test provides the PTO, the courts, or the public with any certainty as to what *may* disparage a given subset of any given population or group of believers. That is simply inadequate under the Fifth Amendment. *See Nat'l Endowment for the Arts v. Finley*, 524 U.S. 569, 588, 118 S. Ct. 2168, 141 L. Ed. 2d 500 (1998) ("Under the First and Fifth Amendments, speakers are protected from arbitrary and discriminatory enforcement of vague standards."); *Grayned*, 408 U.S. at 108-09, 92 S. Ct. 2294 (1972) ("[I]f

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[2] Numerous amici have come to the same conclusion. *See, e.g.*, Br. for First Amendment Lawyers Ass'n as Amicus Curiae 14 ("The multitude of Section 2(a) cases show that Section 2(a) does not convey 'sufficiently definite warning as to the proscribed conduct when measured by common understanding and practices,' as required by the Constitution." (quoting *Roth v. United States*, 354 U.S. 476, 491, 77 S. Ct. 1304, 1 L. Ed. 2d 1498 (1957))); Br. for Pro-Football, Inc. as Amicus Curiae 33 n.13 ("Even if Section 2(a) sought to advance a legitimate state interest, its language is impermissibly vague to advance that interest. The statute provides no guidance as to which trademarks will be deemed disparaging, scandalous, or immoral.").

arbitrary and discriminatory enforcement is to be prevented, laws must provide explicit standards for those who apply them. A vague law impermissibly delegates basic policy matters to policemen, judges, and juries for resolution on an ad hoc and subjective basis, with the attendant dangers of arbitrary and discriminatory application.") (footnotes omitted). *Cf. Kolender v. Lawson*, 461 U.S. 352, 357-58, 103 S. Ct. 1855, 75 L. Ed. 2d 903 (1983) (noting in the context of a criminal penalty scheme that, although the vagueness doctrine "focuses both on actual notice to citizens and arbitrary enforcement, we have recognized recently that the more important aspect of vagueness doctrine 'is not actual notice, but the other principal element of the doctrine—the requirement that a legislature establish minimal guidelines to govern law enforcement.' Where the legislature fails to provide such minimal guidelines, a criminal statute may permit 'a standardless sweep [that] allows policemen, prosecutors, and juries to pursue their personal predilections.'" (quoting *Smith v. Goguen*, 415 U.S. 566, 574, 575, 94 S. Ct. 1242, 39 L. Ed. 2d 605 (1974))).

Other circuits to have considered the use of the subjective terms connoting insult—like disparagement—have expressed similar concerns about the absence of objective standards governing their application.

In *Dambrot v. Central Michigan University*, 55 F.3d 1177 (6th Cir. 1995), for example, the Sixth Circuit considered the discriminatory harassment policy of Central Michigan University ("CMU"). That policy defined racial and ethnic harassment as:

> any intentional, unintentional, physical, verbal, or nonverbal behavior that subjects an individual to an

> intimidating, hostile or offensive educational, employment or living environment by . . . (c) *demeaning* or *slurring* individuals through . . . written literature because of their racial or ethnic affiliation; or (d) using symbols, [epithets] or slogans that infer negative connotations about the individual's racial or ethnic affiliation.

Id. at 1182 (emphases added). The court found the policy impermissibly vague because it required "one [to] make a subjective reference" and because "different people find different things offensive." *Id.* at 1184. As such, the policy's enforcement was too tied to subjective reference and, thus, both failed to "provide fair notice" and gave rise to an "unrestricted delegation of power" to university officials. *Id.* *See also Wynn Oil Co. v. Purolator Chem. Corp.*, 536 F.2d 84, 86 (5th Cir. 1976) (finding the subsection of an "injunction which restrains defendants from 'slandering and disparaging the Wynn Oil Co. and its products' [to be] impermissively vague").

In *Ridley v. Massachusetts Bay Transportation Authority*, 390 F.3d 65 (1st Cir. 2004), the First Circuit upheld the validity of the Massachusetts Bay Transportation Authority's ("MBTA") "guideline prohibiting demeaning or disparaging material," *id.* at 93, because, in that case, "there [was] no serious concern about either notice or chilling effects[] where there [were] no consequences for submitting a non-conforming advertisement and having it rejected" *id.* at 94. But that court specifically distinguished the guidelines at issue—"given the nature of the MBTA's advertising program and its chief purpose of raising revenue without losing ridership," *id.* at 94—from "the concern over

subjective decision making[, which has the] most effect in government licensing schemes" *id.* at 95. While the trademark registration scheme is not a traditional public forum making use of a licensing scheme to "maintain basic order," it implicates the "[e]xcessive discretion and vagueness inquiries under the First Amendment" in much the same way. *Id.* at 94. As the majority notes, trademark registrants receive substantial benefits from the fact of registration, Maj. Op. 1328-29; denial of those benefits based on the subjective views of governmental employees about the potential subjective views of those who might be exposed to the proposed mark is an essentially standardless measure.

In *McGinley*, we found § 2(a)'s ban on scandalous subject matter, "sufficiently precise to enable the PTO and the courts to apply the law fairly and to notify a would-be registrant that the mark he adopts will not be granted a federal registration." 660 F.2d at 484. While I agree that the PTO is capable of "notify[ing] a would-be registrant" of its decision to deny registration under § 2(a), the law is by no means precise enough to "enable the PTO and the courts to apply [it] fairly." *Id.* As the majority points out, the Board has allowed use of a term by one trademark holder while disallowing use of precisely the same term by another based apparently on its view of how use of that term might be received by the audience the Board has chosen to "identify." Maj. Op. 1336-38. This fact alone evidences the absence of explicit standards for the application of § 2(a).

As it turns out, the PTO's Assistant Commissioner was correct in 1939 in expressing concern that "the

word 'disparage' . . . is going to cause a great deal of difficulty in the Patent Office, because . . . it is always going to be just a matter of the personal opinion of the individual parties as to whether they think it is disparaging." *Hearing on H.R. 4744 Before the Subcomm. on Trademarks of the H. Comm. on Patents*, 76th Cong. 21 (1939) (statement of Leslie Frazer). The Board has likewise commented on the vague and subjective nature of § 2(a). *See, e.g., In re In Over Our Heads*, 1990 WL 354546, at *1 (T.T.A.B. 1990) ("[T]he guidelines for determining whether a mark is scandalous or disparaging are somewhat vague and the determination of whether a mark is scandalous or disparaging is necessarily a highly subjective one.") (bracketing and quotation marks omitted); *Harjo v. Pro-Football, Inc.*, 1999 WL 375907, at *35 (T.T.A.B. 1999) (noting that whether a mark is disparaging "is highly subjective and, thus, general rules are difficult to postulate").

"It is a basic principle of due process that an enactment is void for vagueness if its prohibitions are not clearly defined." *Grayned*, 408 U.S. at 108, 92 S. Ct. 2294. The need for clarity is especially relevant when a law implicates First Amendment rights, as § 2(a) indisputably does. Section 2(a) does not provide a "person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly." *Id.* And inconsistent, indeed seemingly rudderless, application of § 2(a) demonstrates the "arbitrary and discriminatory enforcement" that occurs when regulations do not "provide explicit standards for those who apply them." *Id.*

While I agree with the majority's thoughtful First Amendment analysis, I do not believe it is the only predicate to the conclusion that § 2(a) is unconstitutional.

CONCLUSION

For the above reasons, I concur in the majority's conclusions and separately concur in the result.

DYK, Circuit Judge, concurring in part and dissenting in part, with whom Circuit Judges LOURIE and REYNA join with respect to parts I, II, III, and IV.

The majority is correct that the bar on registration of disparaging marks is unconstitutional as applied to Mr. Tam. But in my view the majority errs in going beyond the facts of this case and holding the statute facially unconstitutional as applied to purely commercial speech.

It is noteworthy that the majority seeks to justify its sweeping holding by describing § 2(a) as being something it is not. The provision bars the registration of marks that "disparage . . . or bring into contempt, or disrepute." 15 U.S.C. § 1052(a) (otherwise identified as § 2(a)). The majority repeatedly asserts that "[t]he government enacted § 2(a), and defends it today, because it is hostile to the messages conveyed by the refused marks."[1] Maj. Op. at 1337.

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[1] The majority frequently characterizes the statute as "discriminat[ing] on the basis of message conveyed" and hence "viewpoint." Maj. Op. at 1335. "It does so as a matter of avowed and undeniable purpose, and it does so on its face." *Id.* "Denial of these benefits creates a serious disincentive to adopt a mark which the government may deem offensive or disparaging." *Id.* at 1341. "The entire interest of the government in § 2(a) depends on disapproval

In my view, there is nothing in the statute itself or the legislative history that supports this interpretation. On its face, and as interpreted by the Trademark Trial and Appeal Board ("the Board"), the statute is designed to preclude the use of government resources not when the *government* disagrees with a trademark's message, but rather when its meaning "may be disparaging to *a substantial composite of the referenced group*." *In re Lebanese Arak Corp.*, 94 U.S.P.Q. 2d 1215, 1217 (T.T.A.B. 2010) (emphasis added). The PTO uses an objective test in making this determination, looking to dictionaries, the relationship of the matter to the other elements of the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services. *See id.*[2]

Thus the purpose of the statute is to protect underrepresented groups in our society from being bombarded with demeaning messages in commercial advertising. The question is whether the statute so designed can survive First Amendment scrutiny. My answer is that the statute is constitutional as applied

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of the message." *Id.* at 1355. "All of the government's proffered interests boil down to permitting the government to burden speech it finds offensive." *Id.* at 1357.

[2] To be sure, the Board may have rendered inconsistent results in some cases, but this has no bearing on the facial validity of § 2(a). *See, e.g., Nat'l Endowment for the Arts v. Finley*, 524 U.S. 569, 587, 118 S. Ct. 2168, 141 L. Ed. 2d 500 (1998); *Red Lion Broad. Co. v. F.C.C.*, 395 U.S. 367, 396, 89 S. Ct. 1794, 23 L. Ed. 2d 371 (1969). In any event, when the government is not acting in its sovereign, regulatory capacity, "the consequences of imprecision are not constitutionally severe." *Finley*, 524 U.S. at 589, 118 S. Ct. 2168.

to purely commercial trademarks, but not as to core political speech, of which Mr. Tam's mark is one example. Ultimately, unlike the majority, I do not think that the government must support, or society tolerate, disparaging trademarks in the name of commercial speech. The majority's opinion not only invalidates the bar on disparaging marks in § 2(a) but may also effectively invalidate the bar on scandalous marks and the analogous provisions of the Model State Trademark Act. *See* 1964 Model State Trademark Act, § 2(b). The government need not support the inevitable consequence of this decision—"the wider registration of marks that offend vulnerable communities." Maj. Op. at 1357-58.

I

As the majority notes, the Supreme Court has long recognized the protection of offensive speech that constitutes core political expression. "The right to free speech . . . may not be curtailed simply because the speaker's message may be offensive to his audience." *Hill v. Colorado*, 530 U.S. 703, 716, 120 S. Ct. 2480, 147 L. Ed. 2d 597 (2000). Underpinning the First Amendment's protection of core speech that is disparaging is the fundamental constitutional value of preserving an "uninhibited marketplace of ideas in which truth will ultimately prevail," a marketplace that provides "suitable access to social, political, esthetic, moral, and other ideas and experiences." *Red Lion*, 395 U.S. at 390, 89 S. Ct. 1794. Integral to an "uninhibited marketplace of ideas" is the ability to incite debate. "[A] principal function of free speech under our system of government is to invite dispute. It may

indeed best serve its high purpose when it induces a condition of unrest, creates dissatisfaction with conditions as they are, or even stirs people to anger." *Texas v. Johnson*, 491 U.S. 397, 408-09, 109 S. Ct. 2533, 105 L. Ed. 2d 342 (1989). Thus to maintain a "meaningful dialogue of ideas," "we must tolerate insulting, and even outrageous, speech in order to provide adequate breathing space to the freedoms protected by the First Amendment." *Snyder v. Phelps*, 562 U.S. 443, 452, 458, 131 S. Ct. 1207, 179 L. Ed. 2d 172 (2011) (internal quotation marks, citations, and alterations omitted).[3] At bottom, as Justice Holmes described, in the core speech area the First Amendment enshrines the "principle of free thought—not free thought for those who agree with us but freedom for the thought that we hate." *U.S. v. Schwimmer*, 279 U.S. 644, 654-55, 49 S. Ct. 448, 73 L. Ed. 889 (1929) (Holmes, J., dissenting).

But this principle simply does not apply in the commercial context. For example, it is well established that racially or sexually disparaging speech in the workplace, when severe, may constitute a violation of Title VII, either as harassment or the creation of a hostile work environment. *See, e.g., Faragher v. City of Boca Raton*, 524 U.S. 775, 787-88, 118 S. Ct. 2275, 141 L. Ed. 2d 662 (1998); *Rodgers v. Western-Southern Life Ins. Co.*, 12 F.3d 668, 675 (7th Cir. 1993).

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[3] *See also, e.g., Cohen v. California*, 403 U.S. 15, 25, 91 S. Ct. 1780, 29 L. Ed. 2d 284 (1971); *Hess v. Indiana*, 414 U.S. 105, 107, 94 S. Ct. 326, 38 L. Ed. 2d 303 (1973); *Denver Area Educ. Telecomm. Consortium, Inc. v. F.C.C.*, 518 U.S. 727, 753-54, 116 S. Ct. 2374, 135 L. Ed. 2d 888 (1996).

The same is necessarily true in the context of federal public accommodations law governing commercial establishments. No case of which I am aware suggests that imposing liability for disparaging speech in those commercial contexts, even when separated from conduct, violates the First Amendment.

So too in the area of commercial speech race or sex disparagement can claim no First Amendment protection. Unlike core political expression, the "extension of First Amendment protection to commercial speech is justified principally by the value to consumers of the information such speech provides." *Zauderer v. Office of Disciplinary Counsel of Supreme Court of Ohio*, 471 U.S. 626, 651, 105 S. Ct. 2265, 85 L. Ed. 2d 652 (1985). Its constitutional protection derives not from any dialogic function in the marketplace of ideas, but rather from its "informational function" in the marketplace of goods and services, *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 563, 100 S. Ct. 2343, 65 L. Ed. 2d 341 (1980), in other words, "who is producing and selling what product, for what reason, and at what price." *Va. State Bd. Of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765, 96 S. Ct. 1817, 48 L. Ed. 2d 346 (1976); *see also Sorrell v. IMS Health Inc.*, — U.S. —, 131 S. Ct. 2653, 2673-74, 180 L. Ed. 2d 544 (2011) (Breyer, J., dissenting). We protect the dissemination of this information to ensure that "private economic decisions" are "intelligent and well informed." *Va. State Bd. Of Pharmacy*, 425 U.S. at 765, 96 S. Ct. 1817.

Speech proposing a commercial transaction is "an area traditionally subject to government regulation." *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 499, 116 S. Ct. 1495, 134 L. Ed. 2d 711 (1996) (citing and quoting *Ohralik v. Ohio State Bar Ass'n*, 436 U.S. 447, 456, 98 S. Ct. 1912, 56 L. Ed. 2d 444 (1978)). The Court has "been careful to distinguish commercial speech from speech at the First Amendment's core," *Florida Bar v. Went For It, Inc.*, 515 U.S. 618, 623, 115 S. Ct. 2371, 132 L. Ed. 2d 541 (1995), recognizing the "commonsense distinctions that exist between commercial and noncommercial speech." *44 Liquormart*, 517 U.S. at 502, 116 S. Ct. 1495 (quoting *Virginia Bd. of Pharmacy*, 425 U.S. at 771 n.24, 96 S. Ct. 1817). The "greater objectivity" and "greater hardiness" of commercial speech and the different constitutional values underlying its protection "likely diminish[] the chilling effect that may attend its regulation." *44 Liquormart*, 517 U.S. at 499, 116 S. Ct. 1495 (internal quotation marks and citations omitted). Accordingly, the Court has explained that "the State may regulate some types of commercial advertising more freely than other forms of protected speech," *id.* at 498, 116 S. Ct. 1495 (internal quotations marks and citations omitted), and "the State may at times prescribe what shall be orthodox in commercial advertising," *Hurley v. Irish-American Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557, 573, 115 S. Ct. 2338, 132 L. Ed. 2d 487 (1995) (internal quotation marks and citations omitted) —something it could never do with core political speech.

Recognizing the more limited protection of commercial speech, the Court has repeatedly upheld reg-

ulations "protect[ing] consumers from misleading, deceptive, or aggressive sales practices," because such regulations are "consistent with the reasons for according constitutional protection to commercial speech" in the first place. *44 Liquormart*, 517 U.S. at 501, 116 S. Ct. 1495; *see also, e.g., Florida Bar*, 515 U.S. 618, 115 S. Ct. 2371, 132 L. Ed. 2d 541 (1995); *Metromedia, Inc. v. City of San Diego*, 453 U.S. 490, 101 S. Ct. 2882, 69 L. Ed. 2d 800 (1981); *Bates v. State Bar of Ariz.*, 433 U.S. 350, 97 S. Ct. 2691, 53 L. Ed. 2d 810 (1977). "There can be no constitutional objection to the suppression of commercial messages that do not accurately inform the public about lawful activity." *Central Hudson*, 447 U.S. at 563, 100 S. Ct. 2343.

This stands in stark contrast to core political speech, for which "constitutional protection does not turn upon 'the truth . . . of the ideas and beliefs which are offered.'" *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 271, 84 S. Ct. 710, 11 L. Ed. 2d 686 (1964) (quoting *NAACP v. Button*, 371 U.S. 415, 445, 83 S. Ct. 328, 9 L. Ed. 2d 405 (1963)). "The erroneous statement is inevitable in free debate, and [] it must be protected [absent a showing of actual malice] if the freedoms of expression are to have the breathing space that they need to survive." *Id.* at 271-72, 84 S. Ct. 710 (internal quotation marks, citations, and alterations omitted). "Authoritative interpretations of the First Amendment guarantees have consistently refused to recognize an exception for any test of truth." *N.Y. Times*, 376 U.S. at 271, 84 S. Ct. 710. *See also Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 52, 108 S. Ct. 876, 99 L. Ed. 2d 41 (1988).

To be sure, the Court has held that commercial advertising cannot be restricted just because the product or service may be offensive to some members of the audience. *See Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 71, 103 S. Ct. 2875, 77 L. Ed. 2d 469 (1983); *Carey v. Population Servs. Int'l*, 431 U.S. 678, 701, 97 S. Ct. 2010, 52 L. Ed. 2d 675 (1977). But, at the same time, the Court has explained that the manner of advertising itself may be restricted to protect the audience's privacy interests. *See Florida Bar v. Went For It, Inc.*, 515 U.S. 618, 630, 115 S. Ct. 2371, 132 L. Ed. 2d 541 (1995). "[T]he existence of [First Amendment] protection does not deprive the State of all power to regulate such advertising in order to minimize its offensiveness." *Bolger*, 463 U.S. at 84, 103 S. Ct. 2875 (1983) (Stevens, J., concurring) (citing and quoting from *Carey*, 431 U.S. at 716, 97 S. Ct. 2010 (Stevens, J., concurring)).

For example, in *Florida Bar* the Court upheld a ban on lawyer advertising targeted to recent accident victims and their families. 515 U.S. at 634-35, 115 S. Ct. 2371. There the Court distinguished *Bolger*, which rejected a total ban on advertising related to contraceptives, because the government's interest in *Bolger* had been only to shield citizens from generally "offensive" and "intrusive" products. *See id.* at 630-31, 115 S. Ct. 2371. That interest, the Court explained, was entirely different from the interest in "protecting the personal privacy and tranquility of [Florida's] citizens from crass commercial intrusion by attorneys upon their personal grief in times of trauma." *Id.* at 630, 115 S. Ct. 2371 (alterations omitted). The Court thus had "little trouble crediting the Bar's" "privacy-based"

interest as "substantial," and held that it was sufficient to justify the advertising ban. *Id.* at 625, 629, 635, 115 S. Ct. 2371.

Disparagement as defined by the Board "is essentially a violation of one's right of privacy—the right to be let alone from contempt or ridicule." TMEP § 1203.03(b). While in the trademark context the dissemination of the disparaging material is not limited to the disparaged group, the disparaged group is nonetheless targeted in the sense that it is singled out for ridicule. Furthermore, the fact that the dissemination of the disparaging advertising is not limited to the disparaged group makes the government's interest here all the greater—the effect on the disparaged group is amplified, not lessened, by disseminating the disparaging material to the public at large.

This well-recognized disparity in the types of restrictions that are permissible as applied to commercial as opposed to political speech derives from the very different constitutional values underlying their protection in the first place. The Court has recognized that the government has greater authority to "distinguish between the relative value of different categories of commercial speech" than of noncommercial speech. *Metromedia*, 453 U.S. at 514, 101 S. Ct. 2882. Specifically, the government has a distinct and substantial interest in "proscribing intrusive and unpleasant formats" for commercial expression. *Members of City Council of L.A. v. Taxpayers for Vincent*, 466 U.S. 789, 806, 104 S. Ct. 2118, 80 L. Ed. 2d 772 (1984); *see also Lehman v. City of Shaker Heights*, 418 U.S. 298, 304, 94 S. Ct. 2714, 41 L. Ed. 2d 770 (1974);

Metromedia, 453 U.S. at 514, 101 S. Ct. 2882. Indeed, "it may not be the content of the speech, as much as the deliberate 'verbal or visual assault,' that justifies proscription." *Hill*, 530 U.S. at 716, 120 S. Ct. 2480 (quoting *Erznoznik v. Jacksonville*, 422 U.S. 205, 210-11, n.6, 95 S. Ct. 2268, 45 L. Ed. 2d 125 (1975)).

Unlike core political speech, where offensiveness or disparagement has recognized value in its tendency to provoke debate, disparagement in commercial advertising furthers no First Amendment value. Indeed, neither counsel at oral argument nor the majority in its opinion has identified any First Amendment value served by disparaging speech in the commercial context. Thus even blanket bans on commercial speech may be the kind of consumer protective regulations that are consistent with the "informational function" of commercial advertising. *See Central Hudson*, 447 U.S. at 563, 100 S. Ct. 2343.

The majority, apparently recognizing that purely commercial speech is entitled to lesser protection, urges that all disparaging trademarks deserve heightened First Amendment protection because they have an expressive component. *See* Maj. Op. at 1337-38. While I agree that some marks, including Mr. Tam's, have an expressive component, it would seem beyond debate that many do not, as is the case with respect to routine product identifiers. Indeed, the Supreme Court confirmed the lack of an expressive component in most trade names in *Friedman v. Rogers*, where it explicitly distinguished between advertisements that "editorialize on any subject, cultural, philosophical, or political," which might be entitled to greater First

Amendment protection, and the "mere solicitation of patronage implicit in a trade name," which "is a form of commercial speech and nothing more." 440 U.S. 1, 11, n.10, 99 S. Ct. 887, 59 L. Ed. 2d 100 (1979). The Court again recognized this distinction in *S.F. Arts & Athletics Inc. v. U.S. Olympic Comm'n*, 483 U.S. 522, 535, 107 S. Ct. 2971, 97 L. Ed. 2d 427 (1987). "To the extent that [the statute] applies to uses for the purpose of trade [or] to induce the sale of any goods or services, its application is to commercial speech." *Id.* (alterations omitted).

In short, many trademarks lack the kind of "expressive character" that would merit First Amendment protection for offensive content, and a regulation of the use of those marks could satisfy the *Central Hudson* test for commercial speech—a substantial government interest reflected in a narrowly tailored regulation. The majority's contrary conclusion seems to me to be unsupported.

II

Even if disparaging commercial speech were protected from government ban or regulation, this case does not turn on the legitimacy of a regulation or a "blanket ban" on disparaging commercial speech. The refusal to register disparaging marks is not a regulation or "blanket ban" on anything. Rather, it involves the denial of a subsidy, and because it is a subsidy, it may be content based. It is "well established that the government can make content-based distinctions when it subsidizes speech." *Davenport v. Wash. Educ. Ass'n*, 551 U.S. 177, 188-89, 127 S. Ct. 2372, 168 L. Ed. 2d 71 (2007). The First Amendment "does not

confer an affirmative right to use government || mechanisms for the purpose of" expression, nor is the government "required to assist others in funding the expression of particular ideas, including political ones." *Ysursa v. Pocatello Educ. Ass'n*, 555 U.S. 353, 355, 358, 129 S. Ct. 1093, 172 L. Ed. 2d 770 (2009) (internal quotations and citations omitted). Significantly, every single Supreme Court decision upholding the protection of commercial speech has involved a prohibition or restriction of speech—not a subsidy.[4]

That trademark registration is a subsidy is not open to doubt. Contrary to the majority's characterization, federal trademark registration is not a "regulatory regime." Maj. Op. at 1353. Section 2(a) does not regulate any speech, much less impose a blanket ban. It merely deprives a benefit. The majority claims that federal trademark registration is not a subsidy because "the subsidy cases have all involved government funding or government property." Maj. Op. at 1351. But this assertion is belied by the Court's recent decisions in *Davenport* and *Ysursa*—neither in-

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[4] *See, e.g., Linmark Assocs., Inc. v. Twp. of Willingboro*, 431 U.S. 85, 97, 97 S. Ct. 1614, 52 L. Ed. 2d 155 (1977) (striking down a ban on placing "For Sale" and "Sold" signs on residential property); *Carey*, 431 U.S. at 701-02, 97 S. Ct. 2010 (invalidating a ban on all advertising and display of contraceptives); *Bolger*, 463 U.S. at 71, 103 S. Ct. 2875 (invalidating a ban on unsolicited mailing of contraceptive advertisements); *Va. State Bd. of Pharmacy*, 425 U.S. at 773, 96 S. Ct. 1817 (invalidating a ban on advertising prescription drug prices); *Sorrell v. IMS Health Inc.*, — U.S. —, 131 S. Ct. 2653, 2659, 180 L. Ed. 2d 544 (2011) (invalidating a state law that prohibited the sale, disclosure, and use of pharmacy records without the prescriber's consent and subject to limited exceptions).

volving government funding or property. Each made clear that the government can make content-based distinctions when it provides a benefit.

In *Davenport*, the Court considered a government benefit that gave unions "the power, in essence, to tax government employees," by having the state collect fees from its employees on behalf of the unions. *Davenport*, 551 U.S. at 184, 127 S. Ct. 2372. The state limited this collection mechanism by refusing to collect nonmember fees for election-related purposes unless the nonmember affirmatively consented. *Id.* at 180, 127 S. Ct. 2372. The unions argued that this restriction was an unconstitutional content-based discrimination. *Id.* at 188, 127 S. Ct. 2372. The Court disagreed. The First Amendment's usual aversion to content-based speech regulation is inapposite when "the government is acting in a capacity other than as regulator," such as "when it subsidizes speech." *Id.* at 188, 127 S. Ct. 2372. Because the collection of nonmember fees was a "state-bestowed entitlement," "a matter of grace [that] [it] can, of course, disallow . . . as it chooses," *Regan v. Taxation With Representation of Wash.*, 461 U.S. 540, 549, 103 S. Ct. 1997, 76 L. Ed. 2d 129 (1983) (internal quotations and citations omitted), the content-based condition on that benefit did not raise a "realistic possibility that official suppression of ideas is afoot." *Davenport*, 551 U.S. at 189-90, 127 S. Ct. 2372 (citations and quotation marks omitted). The unions remained "as free as any other entity to participate in the electoral process with all available funds other than the state-coerced agency fees." *Id.* at 190, 127 S. Ct. 2372. Thus the Court declined to apply heightened scrutiny and upheld the

restriction in light of the state's "narrow" and legitimate interest in "protect[ing] the integrity of the election process." *See id.* at 189-90, 127 S. Ct. 2372.

In *Ysursa*, the Court considered a similar benefit where the state collected dues on behalf of unions by providing payroll deductions. *Ysursa*, 555 U.S. at 355, 129 S. Ct. 1093. The state restricted that collection mechanism by preventing unions from using payroll deductions for any political purposes. *Id.* Again the unions argued that this restriction was an impermissible content-based speech restriction, and again the Court disagreed. The First Amendment "protects the right to be free from government abridgement of speech," not the right to be "assist[ed] [] in funding the expression of particular ideas." *Id.* at 358, 129 S. Ct. 1093. "While publicly administered payroll deductions for political purposes can enhance the unions' exercise of First Amendment rights, Idaho is under no obligation to aid the unions in their political activities." *Id.* at 359, 129 S. Ct. 1093. Because collecting payroll deductions was a government benefit, the State's decision not to extend that benefit was "not an abridgement of the unions' speech." *Id.* As in *Davenport*, the unions remained "free to engage in such speech as they see fit. They simply are barred from enlisting the State in support of that endeavor." *Id.* Thus the Court again declined to apply heightened scrutiny and upheld the regulation in light of the "government's interest" in "avoiding the reality or appearance of government favoritism." *Id.*

The same is true here. Federal trademark registration, like the state-bestowed collection mechanisms

for unions in *Davenport* and *Ysursa*, is a government-bestowed collection mechanism for enforcing trademarks. It opens the federal courts to enforce trademark rights by providing, *inter alia*, original jurisdiction in federal courts for infringement claims, eligibility for treble damages for willful infringement, the ability to petition Customs to prevent the importation of infringing articles, and various enhanced protections for marks. *See* 15 U.S.C. §§ 1057(c), 1141, 1117, 1124. These benefits all "enlist" the government in support of the mark holder's commercial identification, much like the collection of nonmember fees in *Davenport* and the payroll deductions in *Ysursa* enlisted the states in support of the unions' political speech. *See Ysursa*, 555 U.S. at 359, 129 S. Ct. 1093. Just as the states were not obligated to enable labor unions to collect nonmember fees or take payroll deductions in the first place, the federal government is not obligated to provide these benefits of a trademark enforcement mechanism. And just as the unions remained free to speak for election-related purposes using all other funds, trademark holders remain free to use their marks—however disparaging—as far as the federal government is concerned.[5] That states may deny state-law protection to these marks cannot make the denial of the federal subsidy any less constitutional.

Finally, the majority argues that § 2(a) should be treated as a regulatory provision because the denial of registration benefits will have a chilling effect on the

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[5] That alternative federal enforcement under 15 U.S.C. § 1125(a) is potentially available to denied applicants only bolsters this point. *See* Maj. Op. at 1344-45 n.11.

use of disparaging marks and cause mark holders to abandon such marks. *See* Maj. Op. at 1342-43. But that is commonly the effect of the denial of subsidies, as the Supreme Court has recognized. *See Regan*, 461 U.S. at 550, 103 S. Ct. 1997 ("Although TWR does not have as much money as it wants, and thus cannot exercise its freedom of speech as much as it would like," the decision not to subsidize its speech does not violate the First Amendment). A chilling effect does not turn a subsidy provision into a regulatory provision, so long as the subsidy is not designed to limit speech outside of the subsidized program. That is not the case here.

"[T]he relevant distinction that has emerged from our cases is between conditions that define the limits of the government spending program—those that specify the activities Congress wants to subsidize—and conditions that seek to leverage funding to regulate speech outside the contours of the program itself." *Agency for Int'l Dev. v. Alliance for Open Soc'y Int'l, Inc.*, — U.S. —, 133 S. Ct. 2321, 2328, 186 L. Ed. 2d 398 (2013) ("*AID*"). An example of such impermissible leverage was found in *FCC v. League of Women Voters*, where federal funds were denied to public broadcasters if they engaged in editorializing. 468 U.S. 364, 399-401, 104 S. Ct. 3106, 82 L. Ed. 2d 278 (1984). The restriction was invalidated because it affected editorializing engaged in without federal funds. *Id.* Section 2(a) is not designed to limit speech outside of the federal trademark program. Accordingly,

it does not run afoul of the unconstitutional conditions doctrine.[6] *See id.*

The majority's contrary arguments are the very arguments rejected in the Supreme Court's recent decision in *AID*. *See* 133 S. Ct. at 2328. *AID* explicitly disclaimed the majority's assertion that the condition must be limited to "advancing the goals underlying the program the government seeks to fund." Maj. Op. at 1354. The question is not whether "the condition is [] relevant to the objectives of the program," but rather whether the condition "seek[s] to leverage funding to regulate speech outside the contours of the program itself," which the restriction here does not. *AID*, 133 S. Ct. at 2328. Similarly, in *Regan* the Court upheld a requirement that nonprofit organizations seeking tax-exempt status under 26 U.S.C. § 501(c)(3) not engage in lobbying. 461 U.S. at 544, 103 S. Ct. 1997. The Court upheld that condition not because it was related in some way to the "goals" of 501(c)(3) tax exemption, but rather because "the condition did not prohibit that organization from lobbying Congress" with separate funds, *i.e.*, it did not leverage funds outside of the nonprofit structure. *Id.* at 2329.

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[6] *Bullfrog Films, Inc. v. Wick*, 847 F.2d 502, 503 (9th Cir. 1988), *Dep't of Tex., Veterans of Foreign Wars v. Tex. Lottery Comm'n*, 760 F.3d 427, 430 (5th Cir. 2014) (en banc), and *Autor v. Pritzker*, 740 F.3d 176, 177 (D.C. Cir. 2014), relied on by the majority, Maj. Op. at 1351-53, are all inapposite. In all three cases, the government was attempting to leverage speech outside of the "contours" of its defined program, thus running afoul of the unconstitutional conditions doctrine. Here, on the other hand, no expression beyond the trademark is suppressed, and therefore no unconstitutional condition obtains.

The majority's arguments fail to show a colorable violation of the unconstitutional conditions doctrine here.

III

The majority urges, however, that subsidies require viewpoint neutrality, and argues that the subsidy provided by § 2(a) discriminates based on viewpoint because favorable racial and other marks are allowed while disparaging ones are not. *See* Maj. Op. at 1336-38. Contrary to the majority, the Supreme Court has never held that this kind of subsidy must be viewpoint neutral. The question was raised, but not answered, in *Davenport* and *Ysursa*. *See Davenport*, 551 U.S. at 189, 127 S. Ct. 2372 ("Even if it be thought necessary that the content limitation be reasonable and viewpoint neutral . . . "); *Ysursa*, 555 U.S. at 361, n.3, 129 S. Ct. 1093. And the Court has upheld subsidies that were facially viewpoint discriminatory. *See, e.g., Rust v. Sullivan*, 500 U.S. 173, 111 S. Ct. 1759, 114 L. Ed. 2d 233 (1991) (upholding a condition limiting Title X funding to clinics that do not advocate abortion as a method of family planning). The Court made an exception in a subsidy case involving the unique context of legal services, where "the traditional role of the [subsidized] attorneys" is to "speak[] on the behalf of his or her private, indigent client" and viewpoint discrimination undermined the very purpose of the subsidy. *Legal Servs. Corp. v. Velazquez*, 531 U.S. 533, 542, 544, 121 S. Ct. 1043, 149 L. Ed. 2d 63 (2001). There is no tradition of unfettered advocacy in commercial advertising. Thus even if the regulation here could be deemed viewpoint discriminatory, it

would not fail under the First Amendment. *See Davenport*, 551 U.S. at 189, 127 S. Ct. 2372.

But § 2(a) is in any event viewpoint neutral. In *Boos v. Barry*, 485 U.S. 312, 108 S. Ct. 1157, 99 L. Ed. 2d 333 (1988), the Court addressed a nearly identical standard as applied to core political speech. The law there prohibited the display of any sign within 500 feet of a foreign embassy if the sign would tend to bring that foreign government into "public odium" or "disrepute." *Id.* at 315, 108 S. Ct. 1157. Justice O'Connor's plurality opinion confirmed that the restriction is "content-based," but it specifically found that "the provision is *not* viewpoint based." *Id.* at 319, 108 S. Ct. 1157 (emphasis added). "The display clause determines which viewpoint is acceptable in a *neutral fashion* by looking to the policies of foreign governments." *Id.* (emphasis added). This "prevents the display clause from being directly viewpoint based, a label with potential First Amendment ramifications of its own." *Id.* This aspect of the plurality opinion has since been cited with approval by a majority of the Court in *Turner Broadcasting System, Inc. v. FCC*, 512 U.S. 622, 645, 114 S. Ct. 2445, 129 L. Ed. 2d 497 (1994). The same reasoning applies here. Just as the restriction in *Boos* operated in a "neutral fashion" by looking only to foreign governments, the bar on registration of disparaging marks operates in a "neutral fashion" by looking only to the views of the referenced group. Accordingly, just as the restriction in *Boos* was viewpoint neutral, so too is § 2(a). In *Ridley v. Massachusetts Bay Transportation Authority*, 390 F.3d 65 (1st Cir. 2004), the First Circuit arrived at the same conclusion, holding that a regulation "pro-

hibit[ing] demeaning or disparaging ads" was viewpoint neutral because "the state is not attempting to give one group an advantage over another in the marketplace of ideas." *Id.* at 90-91.

Finding § 2(a) to be viewpoint neutral is consistent with the Court's treatment of viewpoint discrimination in other areas. The Court has defined viewpoint discrimination as the *government's* disagreement with the underlying "ideology," "opinion" or "perspective of the speaker." *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 829, 115 S. Ct. 2510, 132 L. Ed. 2d 700 (1995). Here, as in *Boos*, the standard is not based on the *government's* disagreement with anything. Rather, it is based on an objective, "neutral" assessment of a non-government perspective—in this case, a "substantial composite of the referenced group." As in *Davenport* and *Ysursa*, there is no "realistic possibility that official suppression of ideas is afoot," *Davenport*, 551 U.S. at 190, 127 S. Ct. 2372 and the content-based regulation here is not subject to heightened First Amendment scrutiny.

IV

Even in subsidy cases, however, the government needs some interest sufficient to justify its regulation defined in terms of "reasonableness." *See Ysursa*, 555 U.S. at 359, 129 S. Ct. 1093; *Regan*, 461 U.S. at 550, 103 S. Ct. 1997. In my view, the protection of disparaged groups is sufficient. As demonstrated on college campuses across the nation, members of some groups, whether or not justified, are particularly sen-

sitive to disparaging material.[7] There is significant social science evidence demonstrating the harmful psychological effects of holding a minority group up for ridicule on a national stage, particularly on children and young adults.[8] In the case of core protected speech, as discussed above, the government has no legitimate interest in protecting disparaged groups. The groups must tolerate the disparagement in pursuit of the greater goal of a free marketplace of ideas. But, as discussed above, commercial speech is different. Disparagement as defined by the Board "is essentially a violation of one's right of privacy—the right to be let alone from contempt or ridicule." TMEP § 1203.03(c).

The government has an interest in "proscribing intrusive and unpleasant formats" for commercial expression. *Taxpayers for Vincent*, 466 U.S. at 806, 104 S. Ct. 2118; *see also Lehman*, 418 U.S. at 304, 94 S. Ct. 2714; *Metromedia*, 453 U.S. at 514, 101 S. Ct. 2882. The Supreme Court's "precedents [] leave no room for doubt that the protection of potential clients' privacy is

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[7] *See, e.g.*, Chuck Culpepper, *How Missouri foot-ball's boycott helped bridge a familiar campus divide*, Wash. Post (Nov. 13, 2015), https://www.washingtonpost.com/sports/colleges/how missouri-footballs-boycott-helped-unite-a-troubled-campus/2015/11 /13/64fe68ea-8a0f-11e5-be8b-1ae2e4f50f76-story.html.

[8] *See, e.g.*, American Psychological Ass'n, *APA Resolution Recommending the Immediate Retirement of American Indian Mascots, Symbols, Images, and Personalities by Schools, Colleges, Universities, Athletic Teams, and Organizations* (2011), *available at* http://www.apa.org/about/policy/mascots.pdf (citing many studies finding psychological harm of exposure to negative stereotypes).

a substantial state interest." *Florida Bar*, 515 U.S. at 625, 115 S. Ct. 2371 (internal quotations marks omitted). We need not decide whether this interest is sufficiently compelling to justify a ban of disparaging commercial speech. It is more than sufficient to justify the government's "decision not to assist" disparaging commercial expression. *Ysursa*, 555 U.S. at 360 n.2, 129 S. Ct. 1093; *Taxpayers for Vincent*, 466 U.S. at 806, 104 S. Ct. 2118. At the same time, there is no countervailing First Amendment interest. It is certainly difficult to imagine, for example, how the disparaging elements of an advertisement such as "CHLORINOL SODA BLEACHING—we are going to use Chlorinol and be like de white nigger,"[9] or "The Plucky Little Jap Shredded Wheat Biscuit,"[10] or "Dr. Scott's Electric Hair Brush—will not save an Indian's scalp from his enemies but it will preserve yours from dandruff,"[11] further any legitimate "informational function" associated with the relevant product.

V

Finally, contrary to the majority's implication, it is quite feasible to distinguish between core and commercial speech. Congress has already determined

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[9] Julian Casablancas, *15 Shockingly Racist Vintage Ads*, Business Pundit (Dec. 17, 2012), http://www.businesspundit.com/15-shockingly-racist-vintage-ads/?img=42884.

[10] Dan Beard, 24 *Recreation* 1 (1905) *available at* https://books.google.com/books?id=LPQXAAAAYAAJ&pg=PA474-IA18#v=onepage&g&f=false.

[11] Brian D. Behnken & Gregory D. Smithers, *Racism in American Popular Media: From Aunt Jemima to the Frito Bandito* 39 (2015).

that trademark law should distinguish between pure commercial speech and fully protected speech. Section 1125(c)(3) of title 15 excludes from liability for dilution parody, criticism, and any noncommercial use of a mark. And the noncommercial use of a mark, for parody, as an example, weighs against likelihood of confusion. *See, e.g., Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989); *Davis v. Walt Disney Co.*, 430 F.3d 901 (8th Cir. 2005); *see also Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494-95 (2d Cir. 1989) ("the expressive elements of titles require[] more protection than the labeling of ordinary commercial products . . . so here the expressive element of parodies requires more protection than the labeling of ordinary products."). Congress has made a similar judgment in the copyright context. *See* 17 U.S.C. § 107 (one of four fair use factors includes assessing whether the use is commercial). I see no reason why the Board would be unable to make such distinctions here.

VI

Turning from the application of § 2(a) to commercial speech to the facts of this case, I agree with the majority that the bar on registration of disparaging marks is unconstitutional as applied to Mr. Tam. Here there can be no doubt that Mr. Tam's speech is both political and commercial. Unlike *Friedman*, where the trade name proponent did "not wish to editorialize on any subject, cultural, philosophical, or political," 440 U.S. at 11, 99 S. Ct. 887, Mr. Tam's choice of mark reflects a clear desire to editorialize on cultural and political subjects. Mr. Tam chose THE

SLANTS at least in part to reclaim the negative racial stereotype it embodies: "We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We're very proud of being Asian —we're not going to hide that fact." *In re Simon Shiao Tam*, 108 U.S.P.Q. 2d 1305, 2013 WL 5498164 at *2 (T.T.A.B. 2013). *See* Maj. Op. at 1332 (Mr. Tam "selected the mark in order to 'own' the stereotype it represents.").

Given the indisputably expressive character of Mr. Tam's trademark in this case, the government's recognized interests in protecting citizens from targeted, demeaning advertising and proscribing intrusive formats of commercial expression—interests that are sufficient to justify the provision as applied to commercial speech—are insufficient to justify application of the provision to Mr. Tam. As discussed, because of the fundamental values underlying the First Amendment's robust protection of offensive speech that are unique to core political expression, the government cannot justify restricting disparaging trademarks when those marks, like Mr. Tam's, actually consist of core expression. *See, e.g., Snyder*, 562 U.S. at 459-61, 131 S. Ct. 1207. Accordingly, because no government interest can justify restricting Mr. Tam's core speech on the basis of its capacity to injure others, § 2(a) is invalid as applied. This also explains why the majority's concern regarding copyright is misplaced. *See, e.g.*, Maj. Op. at 1354-55. Copyrights, unlike trademarks, principally cover core protected expression. Thus, as for Mr. Tam, any government interest related to suppressing offensive speech would be insufficient to jus-

tify a comparable restriction as applied to copyright registration except for commercial advertising.

No case before the majority's opinion today has imposed an obligation on the government to subsidize offensive, commercial speech. As Judge Lourie points out, the bar on registration of disparaging marks is longstanding, and we have previously upheld it in a number of decisions. I see no basis for invalidating it now as applied to commercial speech. I would adhere to those decisions in this respect, and I respectfully dissent.

LOURIE, Circuit Judge, dissenting.

I join Parts I-IV of Judge Dyk's concurrence-in-part, dissent-in-part, but I respectfully dissent with respect to the result reached by the majority holding the disparagement provision of § 2(a) unconstitutional as violating the First Amendment. For the following additional reasons, I would affirm the USPTO's decision refusing to register Mr. Tam's trademark.

First, one wonders why a statute that dates back nearly seventy years—one that has been continuously applied—is suddenly unconstitutional as violating the First Amendment. Is there no such thing as settled law, normally referred to as *stare decisis*? Since the inception of the federal trademark registration program in 1905, the federal government has declined to issue registrations of disparaging marks. The Trademark Act of 1905 provided specific authority to refuse to register immoral or scandalous marks, *see* Act of Feb. 20, 1905, ch. 592, 33 Stat. 724; the USPTO refused to register disparaging marks on those grounds before

the Lanham Act of 1946 was enacted, which explicitly incorporated a disparagement proscription, *see* Appellee's En Banc Br. 6. The USPTO's authority to refuse to issue trademark registrations with certain offensive content has thus existed in U.S. law for over one hundred years. As the majority notes, these are not prohibitions that have lain unused and latent for all of those years. The USPTO has been rejecting applications for trademark registrations on this basis throughout this period of time. By finding § 2(a) unconstitutional, we interfere with the long-standing Congressional policy of delegating authority to the USPTO to filter out certain undesirable marks from the federal trademark registration system. We should not further the degradation of civil discourse by overturning our precedent that holds that the First Amendment is not implicated by § 2(a)'s prohibition against disparaging trademarks.

In addition, the refusal of the USPTO to register a trademark is not a denial of an applicant's right of free speech. The markholder may still generally use the mark as it wishes; without federal registration, it simply lacks access to certain federal statutory enforcement mechanisms for excluding others from confusingly similar uses of the mark. Mr. Tam may use his trademark as he likes, whether it be encouraging discussion on or taking ownership of racial slurs, or identifying goods and services with his band. In fact, it seems quite likely that Mr. Tam will continue to use his band name to make a statement regardless of federal registration—the expressive purpose of his mark undoubtedly overshadows the commercial considerations. The argument, therefore, that a trademark ap-

plicant's right of free speech has been impaired by the failure of the USPTO to grant a federal registration is unconvincing.

Furthermore, it is not entirely clear that a trademark, speech. The lack of a federal registration does not alter the informational function of a trademark: disparaging marks may still be used to identify the source of goods or services. The government's decision to support certain choices and not others will invariably have some discouraging effect, but the government does not necessarily violate an individual's constitutional rights merely by refusing to grant registration and thereby provide additional assistance in the enforcement of trademark rights.

Moreover, trademark rights, as amicus International Trademark Association informs us, are not limited to those marks deemed registrable by the USPTO. "Section 43(a) of the Lanham Act is available to protect all designations of origin, even—indeed, especially —those that cannot be registered under Section 2(a)." Br. of amicus curiae Int'l. Trademark Ass'n 4. The fear that mark-holders would be left with absolutely no recourse for trademark protection, once an application for federal registration is denied, appears unfounded. Rather, all that is at issue here is the government's decision not to facilitate enforcement with the additional mechanisms attendant to federal registration. The denial of federal trademark registration thus does not deprive the mark-holder of trademark protection because of the content of its mark; the markholder still has trademark rights under the Act in addition to its common law rights.

Finally, it has been questioned whether federal registration imparts the "imprimatur" of the federal government on a mark, such that registration could be permissibly restricted as government speech. I believe that such action is justified. The USPTO does in fact "publish" trademarks, in the Trademark Official Gazette. Despite being in electronic form, it is still a form of government speech that is partially controlled or affected by government action. The USPTO may also require that a disclaimer of unregistrable components be included for publication. Moreover, a federally registered mark is usually "stamped" with some indication of government oversight, *viz.*, the use of the ® symbol or a phrase that the mark is registered in the USPTO, giving proof to the public that the government has in some sense approved the mark. Without that designation, the markholder cannot take advantage of some of the benefits of federal registration, *e.g.*, constructive notice for damages.

Similarly to specialty license plate designs, federally registered trademarks can be identified with two message contexts: one from the provider of goods or services, who has chosen to use a certain mark to link its product or services to itself, and one from the government, which has deemed the mark qualified for the federal registration program. The evaluation of disparagement is not based on the government's moral judgment, despite any distaste expressed in its briefing for cancelled or applied-for marks; a mark is disqualified based only on evidence of its perception by the affected persons. The government action does not include a judgment on the worthiness or the effectiveness of the mark; if it did, it might—but not nec-

essarily—venture into viewpoint-discrimination territory. And while a trademark alone, as a word placed on private property, is not government speech, once it claims that federally registered status, it becomes more than the private owner's speech. It is not simply private speech as is the holding of a placard in a parade.

In my view, holding the disparagement provision of § 2(a) unconstitutional would be unsound, and the USPTO's refusal to register Mr. Tam's disparaging mark should therefore be affirmed.

Accordingly, I respectfully dissent.

REYNA, Circuit Judge, dissenting.

The Majority holds today that Mr. Tam's speech, which disparages those of Asian descent, is valuable political speech that the government may not regulate except to ban its use in commerce by everyone but Mr. Tam. I believe the refusal to register disparaging marks under § 2(a) of the Lanham Act is an appropriate regulation that directly advances the government's substantial interest in the orderly flow of commerce. Because I would uphold the constitutionality of § 2(a), I respectfully dissent.

Trademarks are commercial speech. And precisely because trademarks are commercial speech, the government's decision to grant or deny registration must be reviewed under an intermediate standard of scrutiny. Intermediate scrutiny is satisfied whenever the decision is narrowly tailored to directly advance a substantial government interest. When the commercial or political content of a trademark threatens the

government's substantial interest in the orderly flow of commerce, appropriate regulation may be justified.

DISCUSSION

A. Intermediate Scrutiny Applies Because Trademarks Are Commercial Speech

The Supreme Court has held that trademarks are "a form of commercial speech and nothing more." *Friedman v. Rogers*, 440 U.S. 1, 11, 99 S. Ct. 887, 59 L. Ed. 2d 100 (1979); *accord San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 563, 107 S. Ct. 2971, 97 L. Ed. 2d 427 (1987). The purpose of a trademark is merely to "propos[e] a commercial transaction" by identifying the source of goods or services. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of New York*, 447 U.S. 557, 562, 100 S. Ct. 2343, 65 L. Ed. 2d 341 (1980).

Because "the Constitution accords less protection to commercial speech than to other constitutionally safeguarded forms of expression," *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 64-65, 103 S. Ct. 2875, 77 L. Ed. 2d 469 (1983), the government may regulate the use of trademarks to ensure the orderly flow of commerce. For example, the government may disallow trade names that create "[t]he possibilities for deception," even if the names are not untruthful. *Friedman*, 440 U.S. at 13, 99 S. Ct. 887. The government may similarly implement a trademark registration program, as it did through the Lanham Act, which provides certain speakers exclusive rights to their chosen marks in commerce. Such regulation is permissible under the First Amendment only because the speech being regulated is commercial and because the gov-

ernment has a substantial interest in facilitating commerce by "insuring that the stream of commercial information flows cleanly as well as freely." *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 771-72, 96 S. Ct. 1817, 48 L. Ed. 2d 346 (1976).

The courts have long recognized that some trademarks can include expressive elements concerning matters of public interest, and that such trademarks nevertheless remain commercial speech. Historically, commercial speech received no First Amendment protection, *see Valentine v. Chrestensen*, 316 U.S. 52, 54, 62 S. Ct. 920, 86 L. Ed. 1262 (1942), and the seminal cases bringing commercial speech within the First Amendment's purview did so, at least in part, because commercial speech often communicates on matters of public interest. *Virginia State Bd.*, 425 U.S. at 764-65, 96 S. Ct. 1817. As the Supreme Court recognized in *Virginia State Board*, "not all commercial messages contain the same or even a very great public interest element," but "[t]here are few to which such an element, however, could not be added." *Id.*

The protections of commercial speech are therefore based, at least in part, on the recognition that commercial speech is not always entirely commercial, but that it may contain political messages that make the speech "'commercial' in widely varying degrees." *Bigelow v. Virginia*, 421 U.S. 809, 826, 95 S. Ct. 2222, 44 L. Ed. 2d 600 (1975). For this reason, the Supreme Court has routinely held that various examples of speech "constitute commercial speech notwithstanding the fact that they contain discussions of im-

portant public issues." *Bolger*, 463 U.S. at 67, 103 S. Ct. 2875; *see also Bd. of Trustees of State Univ. of New York v. Fox*, 492 U.S. 469, 109 S. Ct. 3028, 106 L. Ed. 2d 388 (1989). Put simply, commercial speech does not transform into core political speech with full First Amendment protections simply because it "links a product to a current public debate." *Cent. Hudson*, 447 U.S. at 563, 100 S. Ct. 2343.

To determine whether speech is commercial, we consider "the nature of the speech taken as a whole." *Riley v. Nat'l Fed'n of the Blind*, 487 U.S. 781, 796, 108 S. Ct. 2667, 101 L. Ed. 2d 669 (1988). For example, in *Bolger*, the Supreme Court found that certain pamphlets were commercial speech, despite containing "discussions of important public issues," because (1) the speaker conceded that the pamphlets were advertisements, (2) the pamphlets referenced a specific product, and (3) the speaker had an economic motivation for mailing the pamphlets. *Bolger*, 463 U.S. at 66-68, 103 S. Ct. 2875. The Court concluded that "[t]he combination of *all* these characteristics" supported the conclusion that "the informational pamphlets are properly characterized as commercial speech." *Id.*

All three factors from *Bolger* are necessarily also present in trademarks. Trademarks are used to identify specific products and to advertise the sources of those products. Trademarks, and in particular those federally registered for exclusive use in interstate commerce, are necessarily tools of commerce used

with an "economic motive."[1] A trademark is therefore commercial speech, and as such, it lacks full First Amendment protections, regardless of whether it also includes a political element.

The Majority reasons that because the commercial and political elements of trademarks are "inextricably intertwined," the combined whole must be treated as expressive speech. Maj. Op. at 1339 (*citing Riley*, 487 U.S. at 796, 108 S. Ct. 2667). But as explained above, commercial speech is frequently intertwined with political elements, and this intertwining does not necessarily alter the essentially commercial character of the speech. *Riley*, on which the Majority relies, is not to the contrary. *Riley* only reiterates that "in deciding what level of scrutiny to apply" we must consider "the nature of the speech taken as a whole." *Riley*, 487 U.S. at 796, 108 S. Ct. 2667. The nature of trademarks seeking federal registration for use in interstate commerce, when considered as a whole, is indisputably commercial, not political.

Judge Dyk concurs in the result today only because he believes the *content* of Mr. Tam's mark is so "indisputably expressive" that it cannot be regulated under the lesser standards applied to commercial speech. Dyk, J., concurring at 1373-74. But if the expressive *content* of the mark precludes regulation, on what au-

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[1] The registration of a trademark confers a competitive advantage in the marketplace to the owner of the mark. Typically, in trademark disputes, opposition to the registration or use of a certain mark involves the commercial activities of a competitor. In such cases, the interests of both the owner and competitor are fundamentally commercial in nature.

thority may the government grant Mr. Tam the exclusive right to use this mark in commerce? Whatever standard of scrutiny protects the content of Mr. Tam's trademark from government regulation, that same standard must necessarily be overcome by the government's substantial interest in the orderly flow of commerce, or no trademark could issue.

B. Intermediate Scrutiny Applies Because Section 2(a) is Content-Neutral

The Majority applies strict scrutiny not necessarily because of the expressive content of Mr. Tam's mark, but because of the government's supposed *purpose* of suppressing the political elements of the mark. Maj. Op. at 1337-39. The Majority thus invokes the modern test for content-neutrality, under which the "principal inquiry" is "whether the government has adopted a regulation of speech because of disagreement with the message it conveys." *Ward v. Rock Against Racism*, 491 U.S. 781, 791, 109 S. Ct. 2746, 105 L. Ed. 2d 661 (1989). Under *Ward*, "[t]he government's purpose is the controlling consideration." *Id.* The Supreme Court has endorsed the applicability of this test to commercial speech. *Sorrell v. IMS Health Inc.*, — U.S. —, 131 S. Ct. 2653, 2664, 180 L. Ed. 2d 544 (2011).

If this appeal turns on a content-neutrality analysis, we should be clear that the government has never stated that the purpose of § 2(a) is to suppress speech. Only the Majority has advanced this rationale, and it has done so only by default after eliminating all other interests of which it could conceive. I do not think we need to search so hard and so far. The purpose of

§ 2(a) is the same as the purpose of the Lanham Act as a whole—to promote the orderly flow of commerce.

The Lanham Act declares unequivocally that "[t]he intent of this chapter is to regulate commerce." 15 U.S.C.A. § 1127. In analyzing content-neutrality, an apparently content-based law is nevertheless considered content-neutral if the government's purpose is *not* to suppress speech, but to address the harmful secondary effects of that speech. *See City of Renton v. Playtime Theatres, Inc.*, 475 U.S. 41, 106 S. Ct. 925, 89 L. Ed. 2d 29 (1986); *Young v. Am. Mini Theatres*, 427 U.S. 50, 96 S. Ct. 2440, 49 L. Ed. 2d 310 (1976). The Supreme Court has repeatedly applied this "Secondary Effects" doctrine to uphold not only time, place, and manner restrictions on particular types of speech, *id.* (upholding regulations on the locations of adult businesses), but also regulations on the content of expression itself, *see, e.g.*, *City of Erie v. Pap's A.M.*, 529 U.S. 277, 120 S. Ct. 1382, 146 L. Ed. 2d 265 (2000) (upholding ban on fully nude dancing); *Barnes v. Glen Theatre*, 501 U.S. 560, 111 S. Ct. 2456, 115 L. Ed. 2d 504 (1991) (same). For example, applying *Ward*, the Supreme Court upheld a city's ban on fully nude dancing because the ban was only a minimal burden on speech and was narrowly tailored to advance the "substantial government interest in protecting order and morality." *Barnes*, 501 U.S. at 569, 111 S. Ct. 2456. In *City of Erie*, the Court upheld a nearly identical statute as content-neutral because it did "not attempt to regulate the primary effects of the expression" but rather, "the secondary effects, such as impacts on public health, safety, and welfare." *City of Erie*, 529 U.S. at 291, 120 S. Ct. 1382.

The Supreme Court has also permitted regulation of speech based on the speech's effect on commerce. For instance, it was under *Ward* that the Supreme Court upheld the FCC's must-carry provisions as content-neutral, despite the provisions' mandate that cable providers transmit particular types of content. *Turner Broad. Sys., Inc. v. F.C.C.*, 512 U.S. 622, 647, 114 S. Ct. 2445, 129 L. Ed. 2d 497 (1994). The Court upheld the must-carry regulations because they furthered the substantial government interest in "protecting non-cable households from loss of regular television broadcasting service." *Id.* The Court has also upheld regulations on highly-protected private speech where the government sought to eliminate the secondary effects of that speech on the market for illegal goods. *See Osborne v. Ohio*, 495 U.S. 103, 110 S. Ct. 1691, 109 L. Ed. 2d 98 (1990). Thus, when a regulation's purpose is to address the secondary effects of certain speech, intermediate scrutiny is appropriate, even if the regulation implicates content.

Section 2(a) serves the same substantial government interest as the Lanham Act as a whole—the orderly flow of commerce. Commercial speech that insults groups of people, particularly based on their race, gender, religion, or other demographic identity, tends to disrupt commercial activity and to undermine the stability of the marketplace in much the same manner as discriminatory conduct. The government's refusal to promote such speech in commerce is not an effort to suppress free expression, but to mitigate the disruptive secondary effects that a particular type of low-value speech may have when used in a commercial context. Because the government's purpose is to

mitigate these secondary effects on commerce rather than to suppress speech, the regulation is content-neutral and intermediate scrutiny applies.

C. Section 2(a) Advances the Substantial Government Interest in the Orderly Flow of Commerce

The government's interest in the orderly flow of commerce is substantial. If it were not, the government would be powerless to implement a trademark registry because doing so necessarily requires a ban on infringing commercial speech. The government has a substantial interest in regulating "deceptive or misleading" commercial speech, even if that speech is not wholly false, because of the government's substantial interest in "insuring that the stream of commercial information flow cleanly as well as freely." *Virginia State Bd. of Pharmacy*, 425 U.S. at 771, 96 S. Ct. 1817. The Supreme Court has never held, however, that deceptive and misleading speech is the *only* type of commercial speech subject to regulation for its disruptive effect. *See Cent. Hudson*, 447 U.S. at 566, 100 S. Ct. 2343 ("For commercial speech to come within that provision, it *at least* must concern lawful activity and not be misleading.") (emphasis added). Instead, any speech that substantially undermines the orderly flow of commerce may potentially be subject to at least some regulation.

The marketplace of ideas differs dramatically from the marketplace of goods and services. While the marketplace of ideas may tolerate or even benefit from the volatility that accompanies disparaging and insulting speech, the marketplace of goods and services

is a wholly different animal. Commerce does not benefit from political volatility, nor from insults, discrimination, or bigotry. Commerce is a communal institution regulated for the mutual economic benefit of all. Commercial speech that discredits or brings reproach upon groups of Americans, particularly based on their race, has a discriminatory impact that undermines commercial activity and the stability of the marketplace in much the same manner as discriminatory conduct.

That discriminatory *conduct* disrupts commerce is long established. In upholding Title II of the Civil Rights Act, for example, the Supreme Court noted a record "replete with testimony of the burdens placed on interstate commerce by racial discrimination." *Katzenbach v. McClung*, 379 U.S. 294, 299, 85 S. Ct. 377, 13 L. Ed. 2d 290 (1964). The Court cited an "impressive array of testimony that discrimination in restaurants had a direct and highly restrictive effect upon interstate travel," and that such discrimination therefore "obstructs interstate commerce." *Id.* at 300, 85 S. Ct. 377. It cited "many references" to discrimination causing "a depressant effect on general business conditions in the respective communities" and it noted evidence that discrimination "deterred professional, as well as skilled, people from moving into areas where such practices occurred and thereby caused industry to be reluctant to establish there." *Id.* The Court thus found "ample basis for the conclusion that established restaurants in such areas sold less interstate goods because of the discrimination, that interstate travel was obstructed directly by it, that business in

general suffered and that many new businesses refrained from establishing there as a result of it." *Id.*

Although these findings were specific to public accommodations, they are applicable to commerce generally. Commercial goods and services pervade all economic channels, including all public accommodations, such as stores, restaurants, hotels, theaters, and the like. Discriminatory messages within such commercial channels threaten the same disruptive effects as the discrimination itself. Although the Majority distinguishes between conduct and speech, Maj. Op. at 1356-57, the distinction is without a difference in this context. Whether a restaurant named "SPICS NOT WELCOME" would actually serve a Hispanic patron is hardly the point. The mere use of the demeaning mark in commerce communicates a discriminatory intent as harmful as the fruit produced by the discriminatory conduct.

Because even speech without accompanying conduct can have a discriminatory impact, other parts of the Civil Rights Act expressly regulate pure speech in commerce. For instance, Title VIII specifically bans advertising that indicates a discriminatory preference, even where discriminatory conduct is legal. *See* 42 U.S.C. § 3604(c); *see also* § 3603(b) (listing exemptions). Title VII places similar restrictions on job advertisements. *See* 42 U.S.C. § 2000e-3(b). Title VII also bans pure speech in the workplace when the speech is harassing, even when unaccompanied by any adverse employment action, because such speech creates a discriminatory impact. *See Harris v. Forklift Sys., Inc.*, 510 U.S. 17, 114 S. Ct. 367, 126 L. Ed. 2d 295

(1993); *see also Burlington Indus., Inc. v. Ellerth*, 524 U.S. 742, 118 S. Ct. 2257, 141 L. Ed. 2d 633 (1998).

Nearly every disparaging mark identified in the voluminous briefing and opinions in this case has involved disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic classification. The impact of advancing these bigoted messages through the ubiquitous channels of commerce may be discriminatory, and even if not discriminatory, at least *disruptive* to commerce. The only question is whether the government's interest in avoiding this commercial disruption outweighs the modest "burden" that its refusal to register the offending marks places on the freedom of speech. I believe it does.

D. Section 2(a) Survives Intermediate Scrutiny

To be clear, I do not believe that the government may ban any speech it finds commercially undesirable, but only that when we are presented with a regulation, we must engage meaningfully in "the task of assessing the First Amendment interest at stake and weighing it against the public interest allegedly served by the regulation." *Bigelow*, 421 U.S. at 826, 95 S. Ct. 2222. Here, the government's substantial interest in the orderly flow of commerce is counterbalanced only by a minimal "burden" on a small subset of low-value commercial speech. Section 2(a) should survive intermediate scrutiny because it is only an "incidental restriction on First Amendment freedom [that] is no greater than is essential to the furtherance of the governmental interest" in the orderly flow of commerce. *See Barnes*, 501 U.S. at 561, 111 S. Ct. 2456.

Section 2(a) imposes only a modest "burden" on speech. First, the statute applies only in the commercial context, meaning that it does nothing to impact private speech. Mr. Tam remains free to spread his chosen message to all who would listen without fear of government intervention or reprisal. Second, § 2(a) does not strictly "burden" Mr. Tam's speech, but only denies him a government-created benefit—the exclusive right to use that speech in commerce in connection with the sale of particular goods or services. At bottom, the only burden the application of § 2(a) imposes in this case is that Mr. Tam is free to communicate his chosen message within or without commerce, so long as he is willing to permit others to do the same.

Section 2(a) also implicates only a modest sliver of particularly low-value speech. Speech that disparages is a narrow subset of speech that offends, and it is a particularly low-value subset at that. *See Am. Freedom Def. Initiative v. Mass. Bay Transp. Auth.*, 989 F. Supp. 2d 182, 192 (D. Mass. 2013), *aff'd*, 781 F.3d 571 (1st Cir. 2015) (distinguishing speech that "crosses the line from being offensive or hurtful to being demeaning or disparaging"). To borrow a phrase from Justice Stevens, few of us would march our sons and daughters off to war to preserve the citizen's right to be the exclusive purveyor of "OLD COON SMOKING TOBACCO." *See Young*, 427 U.S. at 70, 96 S. Ct. 2440; *McCann v. Anthony*, 21 Mo. App. 83, 91-92 (1886).

The Supreme Court has routinely considered the relative value of burdened speech in its First Amendment analysis. *See, e.g., Bethel Sch. Dist. No. 403 v.*

Fraser, 478 U.S. 675, 683, 106 S. Ct. 3159, 92 L. Ed. 2d 549 (1986); *Young*, 427 U.S. at 70-71, 96 S. Ct. 2440; *Tinker v. Des Moines Indep. Cmty. Sch. Dist.*, 393 U.S. 503, 510-11, 89 S. Ct. 733, 21 L. Ed. 2d 731 (1969). For instance, the Court has held that a student's interest in high-value political speech outweighed his school's interest in avoiding a "substantial disruption," *Tinker*, 393 U.S. at 510-11, 89 S. Ct. 733, but that a student's interest in low-value "insulting" speech did not, *Fraser*, 478 U.S. at 683, 106 S. Ct. 3159. When low-value materials are concerned, "the State may legitimately use the content of these materials as the basis for placing them in a different classification" of First Amendment protection. *Young*, 427 U.S. at 71, 96 S. Ct. 2440.

At the extremes, disparaging speech enjoys no First Amendment protection. *Chaplinsky v. New Hampshire*, 315 U.S. 568, 62 S. Ct. 766, 86 L. Ed. 1031 (1942). "Insulting" words, which "by their very utterance inflict injury" are part of the "limited classes of speech, the prevention and punishment of which have never been thought to raise any Constitutional problem." *Id.* at 571-72, 62 S. Ct. 766. To whatever extent "disparaging" speech differs from "insulting" speech, its value is not much greater.

Additionally, any minimal value disparaging speech might offer in the marketplace of ideas is far diminished in the marketplace of goods and services, which is the only context at issue in this appeal. One can hardly imagine what legitimate interest a vendor of goods or services may have in insulting potential customers. Whatever value disparaging speech might

possess when used in private life, it loses when used in commerce.

When we balance the government's substantial interest in the orderly flow of commerce against the modest imposition of § 2(a) on a narrowly tailored portion of particularly low-value speech, the standards of intermediate scrutiny are satisfied. Whatever modest imposition the statute makes on the free flow of public discourse, it is nothing more than an "incidental restriction on First Amendment freedom [that] is no greater than is essential to the furtherance of the governmental interest" in the orderly flow of commerce. *See Barnes*, 501 U.S. at 561, 111 S. Ct. 2456. For the foregoing reasons, I believe that § 2(a) is constitutional. I respectfully dissent.

APPENDIX B

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 2014-1203

IN RE SIMON SHIAO TAM, APPELLANT

Apr. 20, 2015

OPINION

Before: LOURIE, MOORE, and O'MALLEY, Circuit Judges

MOORE, Circuit Judge.

Simon Shiao Tam appeals from the decision of the Trademark Trial and Appeal Board (the Board) affirming the examining attorney's refusal to register the mark THE SLANTS because it is disparaging. We *affirm*.

BACKGROUND

Mr. Tam is the "front man" for Asian-American dance rock band The Slants. In 2010, Mr. Tam filed Application No. 77/952,263 ('263 application) seeking to register the mark THE SLANTS for "Entertainment, namely, live performances by a musical band." Mr. Tam attached specimens featuring the band name set against Asian motifs to the '263 application. The

examining attorney found the mark disparaging to people of Asian descent under 15 U.S.C. § 1052(a) ("§ 2(a)") and therefore refused to register it. Mr. Tam appealed that refusal to the Board, but the case was dismissed for failure to file a brief and the application was deemed abandoned. On November 14, 2011, six days after the abandonment of the '263 application, Mr. Tam filed a second application (Application No. 85/472,044, or the '044 application) seeking to register the mark THE SLANTS for essentially identical services as in the '263 application. In the '044 application, Mr. Tam claims use of the mark since 2006. Unlike the specimens attached to the '263 application, the specimens attached to the '044 application do not contain Asian motifs. The examining attorney again found the mark THE SLANTS disparaging and declined to register it. In making this determination, the examining attorney cited to materials that he had gathered in response to Mr. Tam's earlier application. Mr. Tam responded and a final office action issued.

The Board affirmed the examining attorney's refusal to register the mark. The Board found that "it is abundantly clear from the record not only that THE SLANTS . . . would have the 'likely meaning' of people of Asian descent but also that such meaning has been so perceived and has prompted significant responses by prospective attendees or hosts of the band's performances." *In re Tam*, No. 85472044, 2013 WL 5498164, at *5 (TTAB Sept. 26, 2013). To support this conclusion, the Board pointed to the band's website, which displayed the mark next to "a depiction of an Asian woman, utilizing rising sun im-

agery and using a stylized dragon image," and to a statement by Mr. Tam that he selected the mark in order to "own" the stereotype it represents. *Tam*, 2013 WL 5498164, at *5. The Board also found that the mark is disparaging to a substantial component of people of Asian descent because "[t]he dictionary definitions, reference works, and all other evidence unanimously categorize the word 'slant,' when meaning a person of Asian descent, as disparaging," and because there was record evidence of individuals and groups in the Asian community objecting to Mr. Tam's use of the word "slant." *Tam*, 2013 WL 5498164, at *7. The Board therefore disqualified the mark for registration under § 2(a). Mr. Tam appeals. We have jurisdiction under 28 U.S.C. § 1295(a)(4).

DISCUSSION

Mr. Tam argues that the Board erred in finding the mark THE SLANTS disparaging under § 2(a) of the Lanham Act and therefore unregistrable. Mr. Tam also challenges the constitutionality of § 2(a).

I. Disparagement Analysis

Section 2(a) of the Lanham Act provides that the Patent and Trademark Office (PTO) may refuse to register a trademark that "[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." 15 U.S.C. § 1052(a). A disparaging mark "'dishonors by comparison with what is inferior, slights, deprecates, degrades, or affects or injures by unjust comparison.'" *In re Geller*, 751 F.3d 1355,

1358 (Fed. Cir. 2014) (quoting *Pro-Football, Inc. v. Harjo*, 284 F. Supp. 2d 96, 124 (D.D.C. 2003)) (alterations omitted). In *Geller*, we applied a two-part test to determine if a mark may be disparaging:

> (1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
>
> (2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.

Id. This determination is "a conclusion of law based upon underlying factual inquiries." *Id.* We review the Board's factual findings for substantial evidence, and its ultimate conclusion de novo. *Id.*

A. Use of Prior Applications

As a threshold matter, Mr. Tam argues that the examining attorney and the Board should not have considered evidence gathered by the examining attorney while evaluating the earlier '263 application. We disagree. The examining attorney may look to evidence outside the application, such as dictionary definitions and newspaper articles, when determining the "manner of use" of the mark. *See In re Bayer Aktiengesellschaft*, 488 F.3d 960, 966-69 (Fed. Cir. 2007). Mr. Tam claims use of the mark THE SLANTS back to 2006, before he filed the '263 application. Evidence

gathered in response to the '263 application is relevant to determining the mark's manner of use for the time period during which Mr. Tam asserts the mark was in use. While the evidence gathered during the evaluation of the '263 application derives from an abandoned application dated before the '044 application's filing date, its use was not improper.

B. Likely Meaning

To determine if a mark is disparaging, we first consider "the likely meaning of the matter in question." *Geller*, 751 F.3d at 1358. The Board found that the mark THE SLANTS refers to people of Asian descent. Substantial evidence supports this finding. Mr. Tam argues that the mark does not refer to people of Asian descent. His argument seems to rely on 1) the fact that the term "slant" has a number of alternative, more common meanings; 2) that none of the specimens attached to the '044 application include Asian imagery or otherwise reference people of Asian descent; and 3) that the PTO has granted a number of unrelated trademark applications containing the term "slant." We are not persuaded by Mr. Tam's argument.

There is no dispute that the term "slants" has a number of meanings, one of which refers to people of Asian descent. The Board cited a number of traditional and slang dictionaries defining the word with reference to people of Asian descent, ranging from *Oxford Reference Online* to www.urbandictionary.com. *Tam*, 2013 WL 5498164, at *1-2 & n.3. Even the dictionary entries supplied by Mr. Tam include as possible definitions for the term "slant" "a disparaging term

for a person of East Asian birth or ancestry," J.A. 219 (*The American Heritage Dictionary of the English Language*), and "[a] person with slanting eyes, spec. one of Oriental descent," J.A. 234-36 (*Oxford English Dictionary*).

The fact that the term "slants" has some innocuous meanings—and that some trademarks have issued with those innocuous meanings—does not foreclose the possibility that the term may also be used in an offensive manner, even when the non-disparaging meanings are more common. *See Tam*, 2013 WL 5498164, at *5. Rather, the existence of these other meanings makes it necessary to examine how the applicant uses the mark in the marketplace to determine its likely meaning—as the Board did.

The evidence here supports the Board's finding that the mark THE SLANTS likely refers to people of Asian descent. For example, an article in the record includes a quote attributed to Mr. Tam where he describes the genesis of the band's name by explaining: "I was trying to think of things that people associate with Asians. Obviously, one of the first things people say is that we have slanted eyes. . . . " J.A. 130. The record also contains the band's entry in Wikipedia, which states that the band's name is "derived from an ethnic slur for Asians." J.A. 57. The Wikipedia entry quotes Mr. Tam: "We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We're very proud of being Asian—we're not going to hide that fact. The reaction from the Asian community has been positive." *Id.* Furthermore, the record includes an image from

the band's website in which the mark THE SLANTS is set against "a depiction of an Asian woman, utilizing rising sun imagery and using a stylized dragon image," as described by the Board. *Tam*, 2013 WL 5498164, at *2, *5 (citing J.A. 59). Finally, the record includes evidence that both individuals and Asian groups have perceived the term as referring to people of Asian descent. *Tam*, 2013 WL 5498164, at *2-3 (citing, e.g., J.A. 95 ("[Mr. Tam] was initially slated to give the keynote address at the 2009 Asian American Youth Leadership Conference in Portland. But some conference supporters and attendees felt the name of the band was offensive and racist, and out of respect for these opinions the conference organizers decided to choose someone less controversial.")). On this record, we find that substantial evidence supports the Board's determination that the mark THE SLANTS likely refers to people of Asian descent.

Mr. Tam also argues that we should not consider this evidence because it is unauthenticated hearsay and does not satisfy the requirements of 37 C.F.R. § 2.122(a), which applies the Federal Rules of Evidence to inter partes proceedings. However, § 2.122(a) does not apply to ex parte proceedings. For ex parte proceedings, the Board has adopted a "somewhat more permissive stance with respect to the admissibility and probative value of evidence." TRADEMARK TRIAL & APPEAL BOARD MANUAL OF PROCEDURE § 1208. In ex parte proceedings, the Board permits the examining attorney to consider Internet material. *Id.* § 1208.03. We see no error in the Board's procedures.

C. Whether the Meaning May Be Disparaging to a Substantial Composite of the Referenced Group

If the likely meaning of the mark "is found to refer to identifiable persons, institutions, beliefs or national symbols," we next consider "whether that meaning may be disparaging to a substantial composite of the referenced group." *Geller*, 751 F.3d at 1360. Substantial evidence supports the Board's finding that the mark THE SLANTS is likely offensive to a substantial composite of people of Asian descent.

First, the definitions in evidence universally characterize the word "slant" as disparaging, offensive, or an ethnic slur when used to refer to a person of Asian descent. *Tam*, 2013 WL 5498164, at *1-2, *7 & n.3. This includes the dictionaries provided by Mr. Tam in his response to office action. J.A. 219, 234-36. Additionally, the record includes a brochure published by the Japanese American Citizens League describing the term "slant," when used to refer to people of Asian descent, as a "derogatory term" that is "demeaning" and "cripple[s] the spirit." J.A. 48-49. The record also includes news articles and blog posts discussing the offensive nature of the band's name, which led to the cancellation of the band's scheduled performance at a conference for Asian youth. *Tam*, 2013 WL 5498164, at *2-3 (citing J.A. 45, 51, 94-98, 100). We find there is substantial evidence—even without a marketing survey or some other quantitative measure of the term's offensiveness—supporting the Board's finding that the mark is disparaging to a substantial composite of people of Asian descent. The Board

does not have the resources, nor is it required, to conduct a marketing survey each time it evaluates whether a term is disparaging. *See In re Loew's Theatres, Inc.*, 769 F.2d 764, 768 (Fed. Cir. 1985).

II. Constitutionality of § 2(a)

Having affirmed the Board's holding that the mark is disparaging, we next turn to Mr. Tam's constitutional challenges.

A. First Amendment

Mr. Tam argues that the Lanham Act's restrictions on disparaging trademarks are unconstitutional under the First Amendment both facially and as applied to his case because § 2(a) conditions a benefit—trademark registration—on the relinquishment of speech. This argument is foreclosed by our precedent. In *In re McGinley*, our predecessor court wrote:

> With respect to appellant's First Amendment rights, it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark.

660 F.2d 481, 484 (C.C.P.A. 1981). In subsequent cases, we have accepted this reasoning. *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003) ("[T]he refusal to register a mark does not proscribe any conduct or suppress any form of expression because it does not affect the applicant's right to use the mark in question."); *In re Mavety Media Grp.*, 33 F.3d

1367, 1374 (Fed. Cir. 1994); *see also In re Fox*, 702 F.3d 633, 635 (Fed. Cir. 2012) ("Because a refusal to register a mark has no bearing on the applicant's ability to use the mark, we have held that § 1052(a) does not implicate the First Amendment rights of trademark applicants."). We here follow our precedent.

B. Vagueness

Mr. Tam also argues that the disparagement standard of § 2(a) is unconstitutionally vague. He claims that key terms of § 2(a), such as "scandalous" and "disparage," are not "clearly defined" and are necessarily subjective. He argues that § 2(a) therefore does not give "the person of ordinary intelligence a reasonable opportunity to know what is prohibited." *Grayned v. City of Rockford*, 408 U.S. 104, 108, 92 S. Ct. 2294, 33 L. Ed. 2d 222 (1972).

We have noted with respect to § 2(a)'s bar on scandalous subject matter the "inherent difficulty in fashioning a single objective measure like a substantial composite of the general public from the myriad of subjective viewpoints." *Mavety*, 33 F.3d at 1371. Nonetheless, we found the standard "sufficiently precise to enable the PTO and the courts to apply the law fairly and to notify a would-be registrant that the mark he adopts will not be granted a federal registration." *McGinley*, 660 F.2d at 485. The same is true for the bar on disparaging marks. The Board follows a well-established two-part test to determine if a mark is disparaging. *See Geller*, 751 F.3d at 1358. This standard is not unconstitutionally vague.

C. Due Process

Mr. Tam argues that the PTO applies the disparagement provisions arbitrarily and without clear guidelines. He points to registered trademarks containing slurs against homosexuals such as DYKES ON BIKES, U.S. Registration No. 3323803, as evidence of the arbitrary nature of trademark adjudication.

We have rejected similar due process challenges to § 2(a). In both *Boulevard Entertainment*, 334 F.3d at 1343, and *In re Shinnecock Smoke Shop*, 571 F.3d 1171, 1174 (Fed. Cir. 2009), the applicant argued that by refusing to register his mark while granting similar marks, the PTO had violated the Due Process clause. In these cases, we found no due process violation because the applicant "was provided a full opportunity to prosecute his applications and to appeal the examining attorney's final rejections to the Board." 571 F.3d at 1174. The same is true here. We also noted that "allegations regarding similar marks are irrelevant because each application must be considered on its own merits." *Id.* (citing *Boulevard Entm't*, 334 F.3d at 1343). Furthermore, "[e]ven if all of the third-party registrations should have been refused registration under [§ 2(a)], such errors do not bind the USPTO to improperly register [the a]pplicant's marks." *Id.* (citing *Boulevard Entm't*, 334 F.3d at 1343). This reasoning compels us to reject Mr. Tam's due process argument.

D. Equal Protection

Lastly, Mr. Tam argues that because the examining attorney's disparagement analysis hinged on his and

his bandmates' ethnic identities, the rejection of the mark violated the equal protection clause. To support this argument, Mr. Tam points to the Final Office Action, which states:

> Here, the evidence is uncontested that applicant is a founding member of a band (The Slants) that is self described as being composed of members of Asian descent. . . . Thus, the association of the term SLANTS with those of Asian descent is evidenced by how the applicant uses the Mark—as the name of an all Asian-American band.

J.A. 244. Mr. Tam argues the examining attorney's race-based determination is neither justified by a compelling government interest nor narrowly tailored towards achieving that goal.

We reject Mr. Tam's equal protection argument. The record shows that the Board denied Mr. Tam the registration because he used the mark THE SLANTS in a disparaging manner, not on account of his race. The Board wrote that "[a]n application by a band comprised of non-Asian-Americans called THE SLANTS that displayed the mark next to the imagery used by applicant . . . would also be subject to a refusal under Section 2(a)." *Tam*, 2013 WL 5498164, at *6. Furthermore, we have held that a trademark refusal does not violate equal protection so long as there are nondiscriminatory reasons for denying registration. *Shinnecock Smoke Shop*, 571 F.3d at 1175. Here there are nondiscriminatory reasons for denying Mr. Tam's application.

CONCLUSION

We *affirm* the Board's decision affirming the examining attorney's refusal to register the mark THE SLANTS because it is disparaging.

AFFIRMED.

MOORE, Circuit Judge, additional views.

It is time for this Court to revisit *McGinley*'s holding on the constitutionality of § 2(a) of the Lanham Act. Under § 2(a), the PTO may refuse to register immoral, scandalous, or disparaging marks. 15 U.S.C. § 1052(a). In *In re McGinley*, our predecessor court held without citation to any legal authority in just a few sentences that § 2(a) does not implicate the First Amendment:

> With respect to appellant's First Amendment rights, it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark.

660 F.2d 481, 484 (C.C.P.A. 1981). More than thirty years have passed since *McGinley*, and in that time both the *McGinley* decision and our reliance on it have been widely criticized.[1] Furthermore, First Amend-

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[1] *See, e.g.*, *Ritchie v. Simpson*, 170 F.3d 1092, 1103 & n.1 (Fed. Cir. 1999) (Newman, J., dissenting); *Pro-Football Inc. v. Harjo*, No. 99-1385(CKK), 2000 WL 1923326, at *4 (D.D.C. Dec. 11, 2000); Stephen Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trade-*

ment jurisprudence on the "unconstitutional conditions" doctrine and the protection accorded to commercial speech has evolved significantly since the *McGinley* decision. In 1991, the source of the PTO's funding shifted from the taxpayers to application fees. The constitutionality of § 2(a) is an important and timely issue that raises a number of constitutional questions. The time has come to give this issue the consideration it is due.

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marks, 83 TRADEMARK REPORTER 661, 685-86 (1993); Justin G. Blankenship, *The Cancellation of Redskins as a Disparaging Trademark: Is Federal Trademark Law an Appropriate Solution for Words That Offend?*, 72 U. COLO. L. REV. 415, 443-44 (2001); Terence Dougherty, *Group Rights to Cultural Survival: Intellectual Property Rights in Native American Cultural Symbols*, 29 COLUM. HUM. RTS. L. REV. 355, 383 (1998); Bruce C. Kelber, *"Scalping the Redskins:" Can Trademark Law Start Athletic Teams Bearing Native American Nicknames and Images on the Road to Racial Reform?*, 17 HAMLINE L. REV. 533, 556 (1994); Paul Kuruk, *Goading a Reluctant Dinosaur: Mutual Recognition Agreements as a Policy Response to the Misappropriation of Foreign Traditional Knowledge in the United States*, 34 PEPP. L. REV. 629, 662 n.209 (2007); Michelle B. Lee, *Section 2(a) of the Lanham Act as a Restriction on Sports Team Names: Has Political Correctness Gone Too Far?*, 4 SPORTS LAW J. 65, 66-67 (1997); Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of Redskins?*, 52 STAN. L. REV. 665, 676-77 (2000); Nell Jessup Newton, *Memory and Misrepresentation: Representing Crazy Horse*, 27 CONN. L. REV. 1003, 1030 n.109 (1995); Ron Phillips, *A Case for Scandal and Immorality: Proposing Thin Protection of Controversial Trademarks*, 17 U. BALT. INTELL. PROP. L.J. 55, 67-68 (2008); Jendi Reiter, *Redskins and Scarlet Letters: Why "Immoral" and "Scandalous" Trademarks Should Be Federally Registrable*, 6 FED. CIR. BAR. J. 191, 197 (1996); Lilit Voskanyan, *The Trademark Principal Register as a Nonpublic Forum*, 75 U. CHI. L. REV. 1295, 1302 (2008).

There are three requirements for finding a violation of the First Amendment. The speech at issue must be protected speech. *See, e.g., Roth v. United States*, 354 U.S. 476, 77 S. Ct. 1304, 1 L. Ed. 2d 1498 (1957) (obscenity is not protected by the First Amendment); *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 94 S. Ct. 2997, 41 L. Ed. 2d 789 (1974) (defamation under certain circumstances is not protected by the First Amendment); *Chaplinsky v. New Hampshire*, 315 U.S. 568, 62 S. Ct. 766, 86 L. Ed. 1031 (1942) ("fighting words" are not protected by the First Amendment); *see also R.A.V. v. City of St. Paul*, 505 U.S. 377, 382-83, 112 S. Ct. 2538, 120 L. Ed. 2d 305 (1992) ("'[T]he freedom of speech' referred to by the First Amendment does not include a freedom to disregard these traditional limitations."); *United States v. Alvarez*, — U.S. —, 132 S. Ct. 2537, 2543-44, 183 L. Ed. 2d 574 (2012) (plurality opinion). There must be government action that abridges that speech in a manner that implicates the First Amendment, as, for example, when the government bans flag-burning, *Texas v. Johnson*, 491 U.S. 397, 405, 109 S. Ct. 2533, 105 L. Ed. 2d 342 (1989), or imposes taxes on certain publications, *Ark. Writers' Project, Inc. v. Ragland*, 481 U.S. 221, 229-30, 107 S. Ct. 1722, 95 L. Ed. 2d 209 (1987). And the abridgement must be unconstitutional when analyzed under the appropriate framework—for example, the *Central Hudson* four-part test for determining the constitutionality of restrictions on commercial speech. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 566, 100 S. Ct. 2343, 65 L. Ed. 2d 341 (1980).

I. Are Trade Names Protected Speech?

For many years, commercial speech lay outside the ambit of the First Amendment. In 1975, the Supreme Court ruled that the First Amendment protects commercial speech, *Bigelow v. Virginia*, 421 U.S. 809, 818, 95 S. Ct. 2222, 44 L. Ed. 2d 600 (1975), and five years later the Supreme Court laid out the four-part test for determining the constitutionality of restrictions on commercial speech, *Central Hudson*, 447 U.S. at 566, 100 S. Ct. 2343.

Today, however, it is unquestionably true that trademarks are protected speech under Supreme Court commercial speech jurisprudence. Commercial speech is the "dissemination of information as to who is producing and selling what product, for what reason, and at what price." *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765, 96 S. Ct. 1817, 48 L. Ed. 2d 346 (1976). Protecting the flow of this type of information is "indispensable." *Id.* Four years after *Bigelow*, the Supreme Court held that the trade name of an optometrist is commercial speech. *Friedman v. Rogers*, 440 U.S. 1, 11, 99 S. Ct. 887, 59 L. Ed. 2d 100 (1979) ("The use of trade names in connection with optometrical practice, then, is a form of commercial speech and nothing more."). Trade names identify the source of a product or service for users, and thus provide some of the information labeled indispensable by the Supreme Court in *Virginia State Board*. Indeed, the government has conceded that "[t]rademarks are a form of commercial speech." Appellee's Br. 34 n.5. Because a trade-

mark identifies the source of a product or service for users, it is protected commercial speech.

While it may be true that many marks are used solely as a source identifier, that is not the case here. Mr. Tam's mark THE SLANTS does more than merely identify the band in the commercial arena. In *Friedman*, the Court reasoned that the optician seeking the trade name "does not wish to editorialize on any subject, cultural, philosophical, or political. He does not wish to report any particularly newsworthy fact, or to make generalized observations even about commercial matters." 440 U.S. at 11, 99 S. Ct. 887. Here, by contrast, Mr. Tam seeks to trademark the name of a musical group, selecting the name "The Slants" to "reclaim" and "take ownership" of Asian stereotypes. J.A. 129-30. The band draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes, J.A. 130, and its albums include "The Yellow Album" and "Slanted Eyes, Slanted Hearts." The band "feel[s] strongly that Asians should be proud of their cultural heritage, and not be offended by stereotypical descriptions." J.A. 52. With their lyrics, performances, and band name, Mr. Tam and The Slants weigh in on cultural and political discussions about race and society that are within the heartland of speech protected by the First Amendment.

II. Is § 2(a) an Abridgement of Speech?

A. Benefits of Trademark Registration

The *McGinley* court held that the refusal to register a mark under § 2(a) does not bar the applicant from using the mark, and therefore does not implicate the

First Amendment. It is true that § 2(a) does not bar the applicant from using the mark. Here, for example, Mr. Tam's band can continue to perform and advertise using the name "The Slants." However, as the *McGinley* court wrote, § 2(a) denies the applicant access to "benefits provided by the Lanham Act which enhance the value of a mark." 660 F.2d at 486 n.12. "Registration is significant. The Lanham Act confers important legal rights and benefits on trademark owners who register their marks." *B & B Hardware, Inc. v. Hargis Ind., Inc.*, — U.S. —, 135 S. Ct. 1293, 1300, 191 L. Ed. 2d 222 (2015).

These benefits—unavailable in the absence of federal registration—are numerous, and include both substantive and procedural rights. First, the holder of a federal trademark has a right to exclusive nationwide use of that mark where there was no prior use by a party other than the markholder. *See* 15 U.S.C. §§ 1072, 1115. Because under the common law, a markholder only has the right to exclusive use where he has used his mark before, *see* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 26:32 (4th ed.), holders of a federal trademark have an important substantive right they could not otherwise obtain. Also, a registered mark is presumed to be valid, 15 U.S.C. § 1057(b), and the mark becomes incontestable (with certain exceptions) after five years of consecutive post-registration use, *id.* § 1065; *see also B & B Hardware*, 135 S. Ct. at 1310 ("Incontestability is a powerful protection"). A markholder may sue in federal courts to enforce his trademark, 15 U.S.C. § 1121, and he may recover treble damages if he can show infringement was willful,

id. § 1117. He may also obtain the assistance of U.S. Customs and Border Protection in restricting importation of infringing or counterfeit goods, *id.* § 1124; 19 U.S.C. § 1526, or prevent "cybersquatters" from misappropriating his domain name, 15 U.S.C. § 1125(d). In effect, § 2(a) of the Lanham Act conditions trademark registration and all of its attendant benefits on the applicant's selection of a suitable mark. Section 2(a)'s registerability conditions are not tethered to the trade-mark's functioning as a source identifier or to any concern over the mark creating confusion or being misleading. Instead, § 2(a) allows the PTO to determine whether the trademark is suitable for registration, in this case whether it is disparaging, which is a moral judgment based solely and indisputably on the mark's expressive content.

Not only is a disparaging trademark denied federal registration, but it cannot be protected by its owner by virtue of a § 43(a) unfair competition claim. *Id.* § 1125(a). Section 43(a) allows for a federal suit, much like state common law, to protect an unregistered trademark. As many courts have noted, it is the use of a trademark in commerce, not its registration, which gives rise to a protectable right. *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 979 (9th Cir. 2006) ("Registration does not create a mark or confer ownership; only use in the marketplace can establish a mark."); *In re Int'l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 1366 (Fed. Cir. 1999) ("The federal registration of a trademark does not create an exclusive property right in the mark. The owner of the mark already has the property right established by prior use. . . . However, those trademark owners who

register their marks with the PTO are afforded additional protection not provided by the common law."). Equally clear, however, is that § 43(a) protection is only available for unregistered trademarks that could have qualified for federal registration. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) (section 43(a) "protects qualifying unregistered trademarks and . . . the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)"); *Donchez v. Coors Brewing Co.*, 392 F.3d 1211, 1215 (10th Cir. 2004) (plaintiff must establish that its mark is protectable to prevail in a claim under § 43(a)); *Yarmuth-Dion, Inc. v. D'ion Furs, Inc.*, 835 F.2d 990, 992 (2d Cir. 1987) (requiring a plaintiff to "demonstrate that his [unregistered] mark merits protection under the Lanham Act"). Thus, no federal cause of action is available to protect a trademark deemed disparaging, regardless of its use in commerce.

Section 2(a)'s bar on disparaging marks was a creation of the federal government, first developed when Congress enacted the Lanham Act. *See infra* at 583-84. Three years later, the United States Trademark Association prepared the Model State Trademark Bill—a bill patterned on the Lanham Act in many respects. McCarthy at § 22:5. The Model Bill contained language barring a mark from registration if it "consists of or comprises matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." 1964 Model State Trademark

Act, § 2. Following the lead of the federal government, virtually all states have adopted the Model Bill and its disparagement provision. McCarthy at § 22:5. Thus, not only are the benefits of federal registration unavailable to Mr. Tam, so too are the benefits of trademark registration in nearly all states. And as commentators have noted, state statutory and common law schemes mirror Lanham Act protections, making it likely that an unregisterable trademark will have no state protection. McCarthy at § 22:1.50; *see also* 1964 Model State Trademark Act, § 1.C ("The term 'mark' as used herein includes any trademark or service mark *entitled to registration* under this Act whether registered or not.") (emphasis added).

While denial of registerability and the attendant rights of protection both federal and state do not prevent a trademark owner from using its mark, such denial severely burdens use of such marks. Section 2(a)'s content-based restrictions on registerability were adopted to reduce use of trademarks the government deemed unsuitable (such as those that disparage)—no doubt a chilling effect on speech.

B. The "Unconstitutional Conditions" Doctrine

The Supreme Court has repeatedly held that the government cannot deny access to a benefit because of the recipient's exercise of constitutionally protected speech. Under the "unconstitutional conditions" doctrine,

> [E]ven though a person has no 'right' to a valuable governmental benefit and even though the government may deny him the benefit for any number of

> reasons, there are some reasons upon which the government may not rely. It may not deny a benefit to a person on a basis that infringes his constitutionally protected interests—especially, his interest in freedom of speech. For if the government could deny a benefit to a person because of his constitutionally protected speech or associations, his exercise of those freedoms would in effect be penalized and inhibited.

Perry v. Sindermann, 408 U.S. 593, 597, 92 S. Ct. 2694, 33 L. Ed. 2d 570 (1972). Under this doctrine, the Supreme Court held that a state college could not refuse to retain a professor because of his public criticism of that college's policy, even though the professor had no right to reemployment and even though the government had not directly prohibited the professor from speaking. *Id.* at 597-98, 92 S. Ct. 2694. This is because "[t]o deny [a benefit] to claimants who engage in certain forms of speech is in effect to penalize them for such speech." *Speiser v. Randall*, 357 U.S. 513, 518, 78 S. Ct. 1332, 2 L. Ed. 2d 1460 (1958).

Since *Perry*, the Supreme Court has wrestled with the inherent tension between applying the "unconstitutional conditions" doctrine and protecting Congress' ability to direct government spending. As the Supreme Court has noted, the Spending Clause of the U.S. Constitution, which grants Congress the power "[t]o lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States," U.S. Const. Art. I, § 8, cl. 1, "provides Congress broad discretion to tax and spend for the 'general Welfare,'

including by funding particular state or private programs or activities." *Agency for Int'l Dev. v. Alliance for Open Soc'y Int'l, Inc.*, — U.S. —, 133 S. Ct. 2321, 2327-28, 186 L. Ed. 2d 398 (2013). This includes "the authority to impose limits on the use of such funds to ensure they are used in the manner Congress intends," even when these limits are conditioned on the recipients' constitutional rights. *Id.* at 2328 (citing *Rust v. Sullivan*, 500 U.S. 173, 195 n.4, 111 S. Ct. 1759, 114 L. Ed. 2d 233 (1991)). The Court reasoned that "if a party objects to a condition on the receipt of federal funding," it can always decline the funds. *Id.*

Thus, "when the Government appropriates public funds to establish a program it is entitled to define the limits of that program." *United States v. Am. Library Ass'n, Inc.*, 539 U.S. 194, 211, 123 S. Ct. 2297, 156 L. Ed. 2d 221 (2003) (quoting *Rust*, 500 U.S. at 194, 111 S. Ct. 1759). Under this reasoning, the Supreme Court upheld regulations prohibiting the use of federal family planning funds for abortion counseling and referral services. *Rust*, 500 U.S. at 192, 111 S. Ct. 1759. Similarly, the Court held that conditioning public libraries' receipt of federal subsidies on their use of Internet filtering software was a valid exercise of Congress' spending power, because Congress was entitled to insist that "public funds be spent for the purposes for which they were authorized." *Am. Library Ass'n*, 539 U.S. at 211-12, 123 S. Ct. 2297 (quotation marks omitted). This spending limitation applies to indirect forms of public funding such as tax exemptions as well as direct subsidies. *Regan v. Taxation with Representation of Wash.*, 461 U.S. 540, 544, 103 S. Ct. 1997, 76 L. Ed. 2d 129 (1983) ("Both tax exemp-

tions and tax-deductibility are a form of subsidy that is administered through the tax system.").

The government's discretion under the Spending Clause, while broad, is not unbounded. If a program arises from the Spending Clause, Congress is free to attach "conditions that define the limits of the government spending program—those that specify the activities Congress wants to subsidize." *Agency for Int'l Dev.*, 133 S. Ct. at 2328. However, Congress does not have the authority to attach "conditions that seek to leverage funding to regulate speech outside the contours of the program itself." *Id.* For example, the Court held that Congress could not restrict appropriations aimed at combating the spread of AIDS to only organizations having policies explicitly opposing prostitution and sex trafficking. *Id.* at 2230-31.

Thus, the analysis of whether Congress has imposed an unconstitutional condition on a federal benefit is affected by the nature of the Congressional benefit—namely, was the benefit authorized pursuant to Congress' Spending power. Courts have examined whether the conditioned benefit was pursuant to the Spending Clause. For example, the Ninth Circuit considered whether the "unconstitutional conditions" doctrine prevented the government from implementing a treaty under which certain "educational, scientific, and cultural" audio-visual materials were subject to benefits, including exemption from import duties. *Bullfrog Films, Inc. v. Wick*, 847 F.2d 502, 503 (9th Cir. 1988). Film makers, producers, and distributors argued that the treaty violated the First Amendment. *Id.* at 504. The government responded by arguing, as

it does here, that the regulations stemming from the treaty did not "punish or directly obstruct plaintiffs' ability to produce or disseminate their films," and that any benefits flowing from the regulations were "a case of the government simply declining to pay a subsidy." *Id.* at 509. The Ninth Circuit disagreed with the government's "benign characterization" of the effect of the regulations and reasoned that the trade benefits were not a subsidy because "no Treasury Department funds [were] involved," and therefore the spending exception did not apply. *Id.* at 509. The Ninth Circuit held that "by conditioning a valuable governmental benefit on the basis of speech content, the [government] forces film makers to choose between exercising their right to free speech and foregoing benefits under the [treaty], or curtailing their speech and obtaining the benefits." *Id.* at 511. It reasoned that "this sort of dilemma patently transgresses the well-established principle that government may not condition the conferral of a benefit on the relinquishment of a constitutional right." *Id.*

The Fifth Circuit recently considered, en banc, the constitutionality of a Texas law allowing charitable organizations to hold bingo games so long as the resulting funds were not used for lobbying. *Dep't of Tex., Veterans of Foreign Wars v. Tex. Lottery Comm'n*, 760 F.3d 427, 430 (5th Cir. 2014) (en banc). The Texas Lottery Commission argued that the law's restrictions were not unconstitutional because they fell within the state government's spending power, which is analogous to the federal government's spending power. *Id.* at 434. The Fifth Circuit agreed that "the government may attach certain speech restrictions to funds

linked to the public treasury—when either granting cash subsidies directly from the public coffers . . . or approving the withholding of funds that otherwise would go to the public treasury." *Id.* at 435. However, the Fifth Circuit found the Texas bingo program "wholly distinguishable . . . because no public monies or 'spending' by the state are involved." *Id.* at 436. The Fifth Circuit reasoned that the bingo program's primary function is regulatory, further "underscor[ing] the incongruity of [applying] the 'subsidy' paradigm to the bingo program." *Id.* at 437. The Fifth Circuit therefore applied the "unconstitutional conditions" doctrine to the bingo program, and found its lobbying provision unconstitutional. *Id.* at 437-41.

The D.C. Circuit similarly held that a presidential directive barring lobbyists from serving on international trade advisory committees implicated the First Amendment. *Autor v. Pritzker*, 740 F.3d 176, 177 (D.C. Cir. 2014). The government argued that "when [it] appropriates public funds to establish a program, its decision not to use program funds to subsidize the exercise of a fundamental right does not infringe." *Id.* at 182 (quotations and alterations omitted). The D.C. Circuit rejected the government's argument because membership in the advisory committees was a non-financial—albeit valuable—benefit. *Id.* at 182-83. It noted that advisory committee members are not paid for their service, "absorbing even their out of pocket expenses." *Id.* at 183. Because "[t]he Supreme Court has never extended the [spending exception] to situations not involving financial benefits," the D.C. Circuit found the directive could be an unconstitutional condition, and remanded so the district court

could consider the lobbyists' claims further. *Id.* at 183-84.

In another case, satellite carriers objected to the "must carry" provision in a federal law that granted satellite carriers a copyright license to retransmit local television stations in a given market so long as they also retransmitted all local television stations in that market upon request. *Satellite Broad. & Commc'ns Ass'n v. FCC*, 146 F. Supp. 2d 803, 808-09 (E.D. Va. 2001), *aff'd*, 275 F.3d 337 (4th Cir. 2001). The district court reasoned that Congress' grant of a copyright license to satellite carriers did not arise from the Spending Clause (and therefore qualify as a "subsidy") because "it [did] not entail the grant of government funds, or other benefits obtained through the use of government funds (i.e., property, government-created jobs, etc.), to confer a benefit." *Id.* at 829. The court then considered the constitutionality of the "must carry" condition attached to the copyright license, and held the law constitutional both because it satisfied intermediate scrutiny and because, if a carrier opted not to accept the copyright license granted by the statute, it could still negotiate for the right to transmit the local stations. *Id.* at 830-31.

C. Applying the "Unconstitutional Conditions" Doctrine to Trademark Registration

McGinley is the only case of ours to consider, if only briefly, the First Amendment implications of § 2(a). Since *McGinley*, a number of cases raised a First Amendment challenge to § 2(a), but in each case, the panel held itself bound by *McGinley*. *See In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir.

2003); *In re Mavety Media Grp.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994); *In re Fox*, 702 F.3d 633, 635 (Fed. Cir. 2012). Neither the court in *McGinley* nor any other court has analyzed § 2(a) under the "unconstitutional conditions" doctrine. This is error. Federal trademark registration confers valuable benefits, and under § 2(a), the government conditions those benefits on the applicants' choice of a mark. Because the government denies benefits to applicants on the basis of their constitutionally protected speech, the "unconstitutional conditions" doctrine applies.

However, we are faced with a fundamental predicate question: does the "unconstitutional conditions" doctrine apply with full force in the context of trademark registration, or is it tempered by virtue of Congress' spending power? The benefits of trademark registration, while valuable, are not monetary. Unlike tangible property, a subsidy, or a tax exemption, bestowal of a trademark registration does not result in a direct loss of any property or money from the public fisc. Rather, a trademark redefines the nature of the markholder's rights as against the rights of other citizens, depriving others of their rights to use the mark. Like the programs in *Bullfrog* and *Texas Lottery Commission*, the system of trademark registration is a regulatory regime, not a government subsidy program.

Furthermore, the act of registering a trademark does not involve the federal treasury. In 1981, as noted by the McGinley court, trademark registration was "underwritten by public funds." 660 F.2d at 486. That is no longer true today. Since 1991, PTO operations have been funded entirely by registration fees,

not the taxpayer. *Figueroa v. United States*, 466 F.3d 1023, 1028 (Fed. Cir. 2006); *see also* 56 Fed. Reg. 65147 (1991); Omnibus Budget Reconciliation Act of 1990, Pub. L. No. 101-508, S. 10101, 1990 U.S.C.C.A.N. (104 Stat.) 1388.

While PTO operations are fully funded by registration fees, some federal funds are nonetheless spent to facilitate the registration and enforcement of trademarks. For example, PTO employee benefits, which include pensions, health insurance, and life insurance, are administered by the Office of Personnel Management and funded from the general treasury. *Figueroa*, 466 F.3d at 1028. And registering a trademark may lead to additional government spending, such as when the trademark owner seeks to enforce the trademark through the federal courts and U.S. Customs and Border Patrol. This spending, however, is attenuated from the benefits bestowed by trademark registration. Trademark registration does not implicate the Spending Clause merely because of this attenuated spending, else every benefit or program provided by the government would implicate the Spending Clause. The programs in *Bullfrog* and *Texas Lottery Commission* were likely funded in some part by the government—perhaps also by government benefits paid to employees administering the programs—but the Ninth Circuit and the Fifth Circuit considered only whether the conditioned benefits were paid for by government spending, and not whether the government subsidized the program in more indirect manners. And while the government argued in *Autor* that the government had appropriated public funds to establish the international trade advisory committees, 740 F.3d at 182, the

D.C. Circuit nonetheless found that membership on these advisory committees was not a financial benefit, *id.* at 183.

The purpose and nature of trademark registration support the conclusion that trademark registration is not a government-funded benefit. The Lanham Act derives from the Commerce Clause, not the Spending Clause, and its purpose is to regulate marks used in interstate commerce—not to subsidize the markholders. 15 U.S.C. § 1127. Furthermore, it is the markholder, and not the government, that must spend money (on advertising using its mark) to obtain the benefits of trademark registration. Registration of a trademark is not a federally funded financial benefit to the applicant.

McGinley was written only one year after *Central Hudson* and was decided against a background of law where the First Amendment had only recently begun to apply to commercial speech. Given the drastic changes since *McGinley* in constitutional jurisprudence and the PTO's shift from a taxpayer-funded organization to a user-funded program, the *McGinley* court's analysis of the constitutionality of § 2(a) of the Lanham Act no longer suffices. This analysis did not discuss the "unconstitutional conditions" doctrine, despite the doctrine's clear relevance. And because trademark registration is no longer funded by the federal treasury, there is no longer any argument that trademark registration implicates Congress' power to spend. To the contrary, the trademark registration scheme is a prototypical example of a regulatory regime. As a result, the "unconstitutional conditions"

doctrine applies. The government cannot hinge the benefits of federal trademark registration on constitutionally protected speech—here, the applicant's selection of a suitable mark—unless the government's actions pass constitutional scrutiny.

III. Is § 2(a) Unconstitutional?

A. Viewpoint Discriminatory Regulations

"Content-based regulations are presumptively invalid." *R.A.V.*, 505 U.S. at 382, 112 S. Ct. 2538; *Ashcroft v. ACLU*, 542 U.S. 656, 660, 124 S. Ct. 2783, 159 L. Ed. 2d 690 (2004). Viewpoint-based regulations are even more suspect, as they "raise[] the specter that the government may effectively drive certain ideas or viewpoints from the marketplace." *Simon & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd.*, 502 U.S. 105, 116, 112 S. Ct. 501, 116 L. Ed. 2d 476 (1991); *see Sorrell v. IMS Health Inc.*, — U.S. —, 131 S. Ct. 2653, 2667, 180 L. Ed. 2d 544 (2011); *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 828, 115 S. Ct. 2510, 132 L. Ed. 2d 700 (1995). As a result, these regulations receive the strictest of scrutiny. "In the ordinary case it is all but dispositive to conclude that a law is content-based and, in practice, viewpoint-discriminatory." *Sorrell*, 131 S. Ct. at 2667.

Section 2(a) of the Lanham Act bars the registration of disparaging speech. Under this law, it is possible to register trademarks that refer to a certain group in a positive, or non-disparaging manner, but not trademarks that refer negatively to the same group. *See R.A.V.*, 505 U.S. at 391, 112 S. Ct. 2538

(finding that an ordinance forbidding the use of "fighting words" that insulted "on the basis of race, color, creed, religion or gender" was viewpoint discriminatory because certain fighting words could be used only by those arguing in favor of tolerance, not their opponents). Section 2(a) discriminates against disparaging or offensive viewpoints.[2] Under this analysis, § 2(a) is presumptively invalid, and must satisfy strict scrutiny to be found constitutional.

Although the Supreme Court has yet to decide whether strict scrutiny attaches to restrictions on commercial speech that are viewpoint discriminatory, there is reason to believe it is an issue worth considering. *Sorrell*, 131 S. Ct. at 2664. This uncertainty is likely of no consequence, however, because it seems likely that section 2(a) cannot survive even the intermediate scrutiny that any restriction on commercial speech receives under *Central Hudson*.

B. *Central Hudson* Test for Commercial Speech

In *Central Hudson*, the Supreme Court laid out the framework for determining the constitutionality of restrictions on commercial speech. 447 U.S. at 566, 100 S. Ct. 2343. First, commercial speech "must con-

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[2] It is incorrect to imply that the Lanham Act treats "laudatory" and disparaging trademarks the same. The Lanham Act always prohibits registration of disparaging marks. In contrast, the Lanham Acts prohibits the registration of "merely descriptive" marks unless or until they acquire distinctiveness or secondary meaning. 15 U.S.C. § 1052(f). Once a laudatory or descriptive mark attains secondary meaning as a source identifier, such marks are eligible for registration; disparaging trademarks are never eligible for registration.

cern lawful activity and not be misleading." *Id.* If this is the case, we ask whether (1) "the asserted governmental interest is substantial," (2) "the regulation directly advances the governmental interest asserted," and (3) the regulation "is not more extensive than is necessary to serve that interest." *Id.*

First, we ask whether the regulated activity is lawful and not misleading. *Id.* at 563-64, 100 S. Ct. 2343. There is nothing illegal about a disparaging trademark such as THE SLANTS, and Mr. Tam does not challenge the Lanham Act's proscription on the registration of misleading marks. Disparaging trademarks satisfy the first prong of the *Central Hudson* framework.

Next, for speech that is lawful and not misleading, a substantial government interest independent of disapproving the speech's message must justify the regulation. *Id.* at 566, 100 S. Ct. 2343; *Sorrell*, 131 S. Ct. at 2668 (2011) (law must not "seek to suppress a disfavored message"); *Sorrell*, 131 S. Ct. at 2670 (rejecting message-based interest as "contrary to basic First Amendment principles"). The government has not put forth any substantial interests that would justify § 2(a)'s bar against disparaging marks. One purpose of the disparagement provision of § 2(a) is evident on its face, and it is message-based: to discourage the use of trademarks that are disparaging to persons, institutions, beliefs, or national symbols. The legislative history reinforces the conclusion that Congress enacted § 2(a) because it disapproved of the message conveyed by disparaging marks. *See* Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the

House Comm. on Patents, 76th Cong., 1st Sess. 18-21 (1939) (statement of Rep. Thomas E. Robertson) (Rep. Maroney) ("[W]e would not want to have Abraham Lincoln gin."). This is plainly true of the reason for denying registration here, as in other disparagement cases. *See, e.g., In re Geller*, 751 F.3d 1355 (Fed. Cir. 2014) (affirming rejection of STOP THE ISLAMISATION OF AMERICA); *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q. 2d 1080 (TTAB June 18, 2014) (cancelling registration of REDSKINS); *In re Lebanese Arak Corp.*, 94 U.S.P.Q. 2d 1215 (TTAB Mar. 4, 2010) (refusing to register KHORAN for wine); *In re Heeb Media, LLC*, 89 U.S.P.Q. 2d 1071 (TTAB Nov. 26, 2008) (refusing to register HEEB); *In re Squaw Valley Dev. Co.*, 80 U.S.P.Q. 2d 1264 (TTAB May 23, 2006) (refusing to register SQUAW VALLEY for one class of goods, but registering it for another). And there is no doubt that these marks are protected speech, not categorically excluded from First Amendment protection.[3]

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[3] Disapproval of the message is also the apparent basis for denying under § 2(a) the registration of many "scandalous" marks that are not obscene. *See, e.g., In re Fox*, 702 F.3d 633 (Fed. Cir. 2012) (affirming rejection of COCK SUCKER for chocolate rooster lollipops); *In re Boulevard Entm't, Inc.*, 334 F.3d 1336 (Fed. Cir. 2003) (affirming rejection of 1-800-JACK-OFF and JACK-OFF for adult entertainment services over telephone); *In re Betty Bangs, LLC*, 2013 WL 5407261 (TTAB July 9, 2013) (refusing to register I BANGED BETTY); *In re Kirby*, 2008 WL 4674566 (TTAB Sept. 22, 2008) (refusing to register COCAINE for energy drinks); *In re Love Bottling Co.*, 2005 WL 1787238 (TTAB June 22, 2005) (refusing to register W.B. WIFE BEATER); *In re Zaharoni*, 2005 WL 363392 (TTAB Jan. 4, 2005) (refusing to register THE COM-

While the government may argue that it has an interest in discouraging the use of disparaging marks that may be offensive to persons, institutions, beliefs, or national symbols, this is not a legitimate government interest. *See Sorrell*, 131 S. Ct. at 2670. The Supreme Court has "consistently held that the fact that protected speech may be offensive to some does not justify its suppression." *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 71, 103 S. Ct. 2875, 77 L. Ed. 2d 469 (1983). It is a "bedrock principle underlying the First Amendment . . . that the Government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable." *United States v. Eichman*, 496 U.S. 310, 319, 110 S. Ct. 2404, 110 L. Ed. 2d 287 (1990).

Courts have attributed an additional government interest to § 2(a), reasoning that it acts as "a judgment by the Congress that such marks not occupy the time, services, and use of funds of the federal government." *See, e.g., McGinley*, 660 F.2d at 486. This cannot warrant the government's regulation of these marks. Trademark registration is entirely user-funded, not taxpayer-funded, so registering these marks costs the government little money. Furthermore, the government must expend significant funds defending its refusal decisions under the statute as it currently stands, so it is not clear that the statute succeeds in saving the government money. *See McGinley*, 660 F.2d at 487 (Rich, J., dissenting) ("More 'public funds'

PLETE A**HOLE'S GUIDE TO . . .); *In re Runsdorf*, 171 U.S.P.Q. 443 (TTAB 1971) (refusing to register BUBBY TRAP for brassieres).

are being expended in the prosecution of this appeal than would ever result from the registration of the mark.").

Finally, labeling this sort of interest as substantial would create an end-run around the "unconstitutional conditions" doctrine, as virtually all government benefits involve the time, services, or funds of the federal government. Nearly every benefit could be justified under this ground, no matter how minimal.

Another interest that has been proposed to justify § 2(a)'s ban on disparaging marks is the government's interest in maintaining a well-functioning trademark system that harmonizes state and federal trademark law. In enacting the Lanham Act, Congress codified a number of long-standing common law trademark principles; the argument posits that striking down § 2(a)'s bar on disparaging marks would disrupt these principles. However, this argument relies on the notion that § 2(a)'s bar on disparaging marks is merely a codification of a common law bar on disparaging marks. That is not the case. While states have long refused to enforce vulgar or misleading trademarks, there is no similar history of a bar on disparaging marks. In drafting § 2(a)'s bar on disparaging marks, Congress was creating new law, not codifying clear and established principles. *See Univ. of Notre Dame Du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 1376 (Fed. Cir. 1983) ("Although not articulated as such, it appears that the drafters sought by § 2(a) to embrace concepts of the right to privacy, an area of the law then in an embryonic state."); *see also* Act of Feb. 20, 1905, ch. 592, § 5, 33 Stat. 724 (1905) (barring reg-

istration of scandalous and immoral marks, but not disparaging marks). Section 2(a)'s bar on disparaging marks was employed only rarely until recently, and its application was inconsistent. *See, e.g., Doughboy Indus., Inc. v. The Reese Chemical Company*, 88 U.S.P.Q. (BNA) ¶ 227 (P.T.O. Jan. 25, 1951) (refusing to register mark "Dough-boy" in connection with "a prophylactic preparation for the prevention of venereal diseases"); *In re Anti-Communist World Freedom Cong., Inc.*, 161 U.S.P.Q. (BNA) ¶ 304 (TTAB Feb. 24, 1969) (refusing to register mark consisting of hammer and sickle with an "X" over it); *In re Condas S.A.*, 188 U.S.P.Q. (BNA) ¶ 544 (P.T.O. July 31, 1975) (finding mark JAP not disparaging to Americans of Japanese ancestry); *Greyhound Corp. v. Both Worlds, Inc.*, 6 U.S.P.Q. 2d 1635 (TTAB Mar. 30, 1988) (finding that mark depicting a defecating dog disparaged Greyhound's trademarked running dog logo). And in the early disparagement cases, courts did not base the contours of what it means to be disparaging on the common law. *See generally id.* Striking down § 2(a)'s bar on disparaging marks would not disrupt long-standing, well-balanced common law traditions.

Trademarks—which are applied to private goods to identify the source of the goods for consumers—are private speech, not "government speech." *Cf. Pleasant Grove City v. Summum*, 555 U.S. 460, 467, 129 S. Ct. 1125, 172 L. Ed. 2d 853 (2009) ("The Free Speech Clause restricts government regulation of private speech; it does not regulate government speech."). Although the government publishes registered trademarks in the Trademark Principal Register, it does so not to communicate a particular message

or select a particular viewpoint; rather, it publishes trademarks to provide notice that a mark has been registered. Despite this, supporters of § 2(a) have claimed that the government has an interest in not being seen to give a stamp of approval, imprimatur, to scandalous and disparaging terms. For this interest to be substantial, the public must believe that trademarks carry the stamp of government approval. The U.S. government recently explained that "'issuance of a trademark registration' does not 'amount[] to the awarding of the U.S. Government's 'imprimatur.'" Brief of United States at 21, *Pro-Football, Inc. v. Blackhorse*, No. 14-cv-1043 (GBL/IDD) (E.D. Va. Mar. 23, 2015), ECF No. 109 (quoting *In re Old Glory Condom Corp.*, 26 U.S.P.Q. 2d 1216, 1219-20 n.3 (TTAB Mar. 3, 1993) (alterations in original)). As the Trademark Trial and Appeal Board wrote:

> The duty of this Office . . . in reviewing applications for registration is nothing more and nothing less than to register those marks that are functioning to identify and distinguish goods and services in the marketplace. . . . Just as the issuance of a trademark registration by this Office does not amount to a government endorsement of the quality of the goods to which the mark is applied, *the act of registration is not a government imprimatur or pronouncement that the mark is a "good" one in an aesthetic, or any analogous, sense.*

Old Glory Condom Corp., 26 U.S.P.Q. 2d at 1219-20 n.3 (emphasis added). The public is not likely to believe that a registered trademark conveys the imprimatur of

the government. The trademark is printed on private property, in fact commercial goods, not on any government property. The purpose served by trademarks, to identify the source of the goods, is antithetical to the notion that the trademark is tied to the government.

We have yet to be presented with any substantial government interests that would justify the PTO's refusal to register disparaging marks. Without this, § 2(a) cannot satisfy the *Central Hudson* test. It is time to revisit the holding in *McGinley* in light of subsequent developments in the law and the trademark registration funding regime.

APPENDIX C

UNITED STATES PATENT AND
TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

Serial No. 85472044

IN RE SIMON SHIAO TAM

Sept. 26, 2013

OPINION

Before: ROGERS, Chief Administrative Trademark Judge, and KUHLKE and TAYLOR, Administrative Trademark Judges.

Opinion by KUHLKE, Administrative Trademark Judge:

Applicant, Simon Shiao Tam, seeks registration on the Principal Register of the mark THE SLANTS in standard characters for services identified as "entertainment in the nature of live performances by a musical band," in International Class 41.[1]

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[1] Application Serial No. 85472044 was filed on November 14, 2011, under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a), based on an allegation of first use and use in commerce on November 15, 2006.

Registration has been refused under Section 2(a) of the Trademark Act, 15 U.S.C. § 1052(a), on the ground that applicant's mark "consists of or includes matter which may disparage or bring into contempt or disrepute persons, institutions, beliefs or national symbols under Trademark Act Section 2(a)."[2] E.A. Br. p. 3.

When the refusal was made final, applicant appealed and requested reconsideration. On December 20, 2012, the examining attorney denied the request for reconsideration. Subsequently, the appeal was resumed and has been fully briefed. We affirm the refusal.

Arguments and Evidence

The examining attorney contends that THE SLANTS is a highly disparaging reference to people of Asian descent, that it retains this meaning when used in connection with applicant's services, and that a substantial composite of the referenced group finds it to be disparaging. In support of this contention the examining attorney has submitted several definitions from various dictionaries and reference works that label "slant" as a derogatory word, including the following definitions:

> Slant/Slant-eye n. a derog. Term for an Oriental person The Cassell Dictionary of Slang (1999);

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[2] This is applicant's second application for the mark THE SLANTS for nearly identical services. Application Serial No. 77952263 was also refused under Section 2(a) as disparaging. Applicant appealed that refusal to the Board, but the case was dismissed for failure to file a brief. E.A. Br. n.1; Office Action n.1 (June 20, 2012).

Slant 1. A derogatory term used to refer to those of Asian descent. More accurately, it tends to refer to anybody with slanted eyes. Urban Dictionary (www.urbandictionary.com);

Slant noun US, derog. and offensive = slant-eye noun. Oxford Reference Online www.oxford reference.com;

Slant noun a. South Asian person US 1942 Offensive The New Partridge Dictionary of Slang and Unconventional English Vol. II (2006) (http://books.google.com); and

[S]lant a derogatory nickname for any Oriental. From the shape of the Oriental eyes. Slang and Euphemism (2d abridged ed. 1991).[3]

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[3] Other definitions from reference works and websites include:

"Slant-eye, Slant pejorative term for a person of Far Eastern origin (Chinese, Japanese, Korean, Vietnamese etc.) Derived from the term for those who have epicanthic folds." List of ethnic slurs (www.wikipedia.org);

"Slant . . . The noun is from 1655. Derogatory slang sense of 'Oriental, slant-eyed person' is recorded from 1943, from earlier slant-eyes (1929)." Online Etymology Dictionary (www.etymonline.com);

"Slant - Asians - Facial Description—referring to the eyes." Ethnic Slurs www.asianjoke.com;

"Slant, slanteye, slant-eye. A derogatory reference to Asians, based on the epicanthic fold, or flap, over the eyes of some Asian peoples, giving the eyes a slanted look." The color of words: an encyclopaedic dictionary of ethnic bias in the United States (1997);

In one of the submissions other contextual meanings are included in the definition:

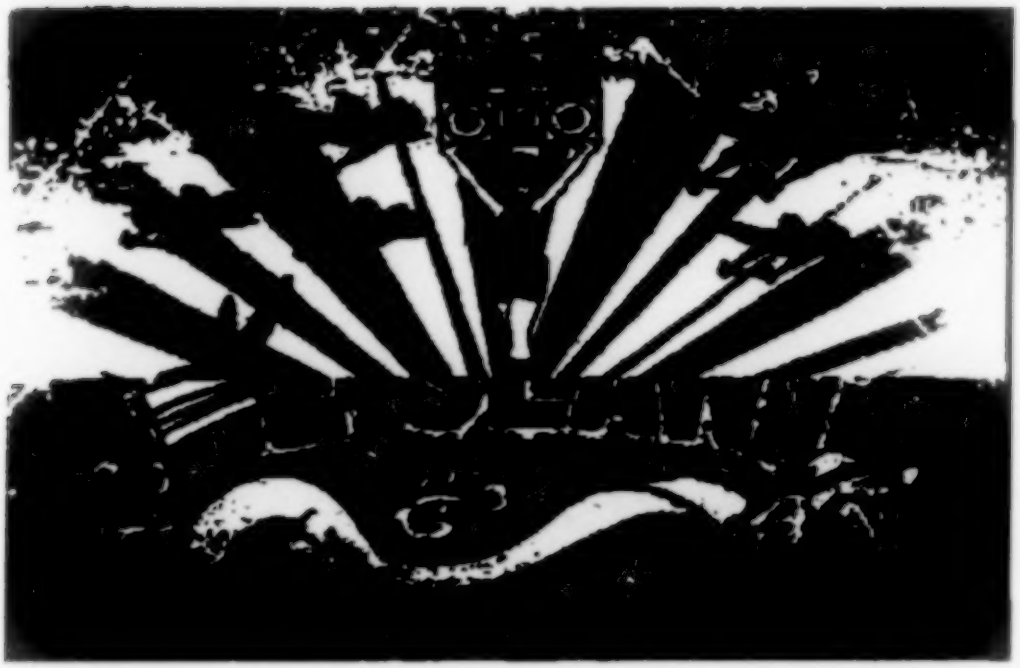
> Slant n. 1. a. A line, plane, course, or direction that is other than perpendicular or horizontal, a slope, b. A sloping thing or piece of ground; 2. *Printing* A virgule; 3. a. A personal point of view or opinion, b. A bias; **4. Offensive Slang Used as a disparaging term for a person of East Asian birth or descent.** The American Heritage Dictionary of the English Language retrieved from Credo Reference www.credoreference.com and Wordnik www.wordnik.com (emphasis added).

The examining attorney also included printouts from applicant's web page located at www.myspace.com/theslants, including the one depicted below:

"Forbidden Terminology Derogatory Racial Terms Slant refers to the perceived shape of Asian eyelids" 21st Century American English Compendium (3rd rev. ed. 2006);

"slope and slant, slanteye(s) an East Asian [including Japanese] or Southeast Asian person having the 'oriental' epicanthic folds. (Intended and perceived as derogatory. User is considered to be racially bigoted. . . .)" Forbidden American English (1995); and

"'Jap' is a derogatory term! . . . And, so are terms like 'chink' . . . and "slant.'" Japanese American Citizens League Anti-Hate Program www.lacl.org. "The Japanese American Citizens League is a national organization whose ongoing mission is to secure and maintain the civil rights of Japanese Americans and all others who are victimized by injustice and bigotry." www.jacl.org.



Further, the band's entry in Wikipedia is of record and references that "The band name, The Slants, is derived from an ethnic slur for Asians." www.wikipedia.org.[4] This entry also includes the following quote attributed to applicant: "We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We're very proud of being Asian—we're not going to hide that fact. The reaction from the Asian community has been positive."

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[4] This Wikipedia entry was attached to the First Office Action (January 6, 2012); therefore, applicant had an opportunity to rebut it. *In re Cook Medical Technologies LLC*, 105 USPQ2d 1377, 1382 n.2 (TTAB 2012); *In re Carrier Consulting Group*, 84 USPQ2d 1028, 1032-33 (TTAB 2007). Applicant did not do so. As will be discussed *infra*, applicant does not dispute the historical pejorative use of the term but, rather, can be characterized as intending to embrace and redefine the term.

Finally, the examining attorney submitted printouts of online articles which report that individuals representing Asian groups or in their individual capacity consider the term "slant," its plural "slants" and even specifically applicant's mark THE SLANTS to be disparaging terms. A few examples are set forth below:

> A few years back, the **Oregon Commission on Asian Affairs** AND the **Asian American Youth Leadership Conference**, both LOCAL Oregon organizations, pulled support from the Slants, citing their offensive name. I've got nothing against the Slants other than their name, which is racially offensive . . . "bigWOWO" at www.bigwowo.com (2010) (emphasis in original);
>
> Earlier this year, the band experienced first-hand the complex and diverse political perspectives of Asian Americans. Young[5] was initially slated to give the keynote address at the 2009 Asian American Youth Leadership Conference in Portland. But some conference supporters and attendees felt the name of the band was offensive and racist, and out of respect for these opinions the conference organizers decided to choose someone less controversial. "The Asian Reporter" (August 4, 2009);
>
> "Young [applicant] called the new band The Slants —a name that has been controversial from the

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[5] Applicant, Simon Shiao Tam, is also known as Simon Young. See Office Action (January 6, 2012) p. 57 (www.bigwowo.com/2011/04/the-slants-and-bigwowos-support-of-the-u-s-patent-and-trademark-office).

> start. . . . It wasn't until he posted advertisements for Asian bandmates and people responded by calling him racist that Young realized the name pushed some hot buttons." The Oregonian (December 4, 2010); and
>
> Oregon Governor Cancels Asian Band the Slants' Performance at Asian Youth Conference . . . However, the OCAA withdrew support of the event because they found The Slants' name to be offensive towards the Asian community. Fearing that the action would trigger similar responses with other supporters, the AAYLC had no choice but to select an alternate speaker and cancel the band's appearance. "The Daily Swarm" http://64.34.174.165/headlines (2010);

In response to the refusal, applicant submitted the following dictionary definition:[6]

> Slant n. 1. a. A line, plane, course, or direction that is other than perpendicular or horizontal; a slope. b. A sloping thing or piece of ground. 2. *Printing* A virgule. 3. a. A personal point of view or opinion b. a bias 4. Offensive Slang Used as a disparaging term for a person of East Asian birth or ancestry.[7]

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[6] We only include the noun definitions inasmuch as the verb definitions have less relevance to the mark THE SLANTS wherein "slants" is used as a noun, as determined by use of the definite article "the" immediately preceding the word "slants."

[7] American Heritage Dictionary of the English Language (http://ahdictionary.com May 2, 2012). Applicant also submitted the full excerpt of definitions for "slant" from the Oxford English Diction-

In addition, applicant submitted four third-party registrations and an application for marks that contain the word "slant." See Reg. No. 4123704 for the mark SLANT for, *inter alia*, skateboards, water skis, surf skis, skis, snow boards; Reg. No. 3894536 for the mark SLANT for, *inter alia*, motion picture film productions, production of radio or television programs; and two marks for serving ware for serving food, the standard character mark SLANT (Reg. No. 3437230) and the design mark

(Reg. No. 3437238).[8]

Applicant's primary contention is that his trademark has been "refused registration on the basis of Applicant's race . . . [and given the] failure of proof and misapplication of law, the evidentiary record does not support the PTO's conclusions that the Application for registration of THE SLANTS should be

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ary which includes ten different meanings with the offensive slang meaning as the last entry.

[8] The fifth example is an application (Serial No. 85269787) and, as such, is of limited probative value. *Glamorene Products Corp. v. Earl Grissmer Co., Inc.*, 203 USPQ 1090, 1092 n.5 (TTAB 1979) (an application is evidence only of its filing).

denied." App. Br. pp. 3-4. Applicant asserts that the examining attorney failed to provide evidence that the mark is "inherently offensive" and takes issue with the examining attorney's reliance on one possible meaning of the word "slant," which resulted in the examining attorney's search parameters using the words "slant" and "derogatory" to "confirm" his refusal. App. Br. pp. 12-14.

As to the Office's evidence pertaining to applicant's services and manner of use, applicant argues that "the grounds for refusal constituted error [for] at least two reasons . . . (1) They improperly condition registration on the ethnic background of an applicant, and (2) they amount to an unprecedented prohibition against registration by a particular individual or group of people because of their past use of a mark." App. Br. p. 17. Specifically, applicant contends that, based on the examining attorney's logic, non-Asians would be entitled to registration of the word "slants" but Asians are not. Id. Applicant goes on to suggest that the only rebuttal to the examining attorney's refusal "would have been a submission proving that the band was not entirely Asian and hence entitled to registration, a patently offensive proposition." App. Br. p. 18. With regard to applicant's second point concerning its past use, applicant asserts that the refusal is "dependent on the identity of the person, rather than the content of the application."[9] Id.

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[9] The "past use" is in reference to the examining attorney's evidence of applicant's use and public perception of that use that is prior to applicant's November 14, 2011 filing date.

Applicant concludes that:

> The refusal, rather, is based on who the Applicant is. It follows that if anyone else on earth—Asian or otherwise—submitted an application to register THE SLANTS that was identical to the Application here, registration would have been allowed. Concomitantly, Applicant could never register THE SLANTS no matter the content of the application.
>
> This result would be a surprising and troubling reading of 15 U.S.C. § 1052(a), and one that is not supported by law, policy or common sense. Neither the ethnic identity of Applicant, the extent to which he associates in his use of the mark with other Asians, the degree to which he makes use of his own cultural heritage, or his identity in any sense at all should be of relevance concerning registration of THE SLANTS as a trademark for "entertainment in the nature of live performances by a musical band."

App. Br. p. 19.

Law

Registration of a mark which consists of matter which may disparage, *inter alia*, "persons," is prohibited under Section 2(a) of the Trademark Act. To determine whether a proposed mark is disparaging the Board applies the following two-part test:

> 1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the

mark is used in the marketplace in connection with the goods or services; and

2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.

In re Lebanese Arak Corp, 94 USPQ2d 1215, 1217 (TTAB 2010);[10] *In re Heeb Media LLC*, 89 USPQ2d 1071, 1074 (TTAB 2008); *In re Squaw Valley Development Co.*, 80 USPQ2d 1264, 1267 (TTAB 2006). The burden of proving that a mark is disparaging rests with the USPTO. *Squaw Valley*, 80 USPQ2d at 1271.

Whether a proposed mark is disparaging must be determined from the standpoint of a substantial composite of the referenced group (although not necessarily a majority) in the context of contemporary attitudes. *Squaw Valley*, 80 USPQ2d at 1269; *Harjo v. Pro-Football, Inc.*, 50 USPQ2d 1705, 1758 (TTAB 1999), *rev'd on other grounds* 284 F. Supp. 2d 96, 68 USPQ2d 1225 (D.D.C. 2003).

Depending on the facts of the case, a proposed mark may be: (1) an innocuous term that in the context of the goods or services is disparaging, *Lebanese Arak*, 94 USPQ2d at 1223 (likely meaning of KHORAN is the Islamic holy text and use for wine disparages religion and beliefs of Muslim-Americans); *see also Doughboy Industries, Inc. v. Reese Chemical Co.*, 88 USPQ 227 (PTO Exmr. In Chief 1951) (Doughboy refers to World

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[10] See the *Lebanese Arak* decision for a discussion of the various provisions of Section 2(a) and the differentiation between terms asserted to be disparaging and those asserted to be scandalous.

War I American soldier as reinforced by picture of soldier on packaging and use on "a prophylactic preparation for the prevention of venereal diseases" disparages the soldiers); (2) a disparaging term that may have a nondisparaging meaning in a specific context, *Squaw Valley*, 80 USPQ2d 1264 (SQUAW when used with ski-related goods and services means Squaw Valley ski resort under the first part of the test, but disparaging meaning remains as to other non ski-related goods and services); or (3) a disparaging term that has no nondisparaging meanings in any context, and remains disparaging despite the applicant's goods or services, actual use or intent, *In re Heeb Media LLC*, 89 USPQ2d 1071 (TTAB 2008) (applicant's good intentions and inoffensive goods and services do not obviate finding that HEEB is disparaging in context of the goods and services; and mixed opinion among members of the referenced group does not erase the perception of a substantial composite who find it disparaging).

Findings/Analysis

We must first determine, based on the evidence of record, the "likely meaning" of THE SLANTS; and then, if there is a meaning that invokes a group of persons, turn to consider whether that meaning may be disparaging to a substantial composite of the referenced group.

What is the likely meaning?

The mere fact that the term has several meanings, even when many may be innocuous, does not, as applicant seems to argue, foreclose the possibility that the

proposed mark is disparaging to a group of persons.[11] When we take into account the "nature of the identified services," in this case, live performances by a musical band, we are faced with a term that necessarily identifies people, i.e., the live performers. Thus, those who attend the live performances will necessarily understand THE SLANTS to refer to the persons who comprise the musical band. Further, we must consider the "manner in which the mark is used in the marketplace in connection with the services," *Lebanese Arak*, 94 USPQ2d at 1217, which the record in this case shows to involve touting the slang meaning of "slants." Thus, it is abundantly clear from the record not only that THE SLANTS, used for the identified services, would have the "likely meaning" of people of Asian descent but also that such meaning has been so perceived and has prompted significant responses by prospective attendees or hosts of the band's performances. The evidence of public perception of the meaning of THE SLANTS, as used in connection with applicant's services, shows that meaning to be a derogatory reference to people of Asian descent.

Applicant argues that 1) the proposed mark is not inherently disparaging and there are no additional elements to make it so, and 2) there is nothing about the services that make it disparaging. The problem

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[11] It appears to be applicant's position that a term is "inherently disparaging" when there is only one meaning for the word and that meaning is disparaging. However, when there are multiple definitions of a word and the manner of use of the word in the marketplace only points to the disparaging meaning, the term cannot be saved by the other irrelevant meanings.

with applicant's analysis is that it ignores "the manner in which the mark is used in the marketplace." *Id.* The musical group, in its advertising and on its website, promotes the "likely meaning" of the mark to be people of Asian descent by, for example, displaying the wording "THE SLANTS" next to a depiction of an Asian woman, utilizing rising sun imagery and using a stylized dragon image. In addition, applicant actively seeks to associate his services with this meaning as a way to embrace this slang meaning and to "own" the stereotype represented by THE SLANTS. That applicant, or even the entire band, may be willing to take on the disparaging term as a band name, in what may be considered an attempt not to disparage, but rather to wrest "ownership" of the term from those who might use it with the intent to disparage, and that some members of the referenced group may support applicant's use, does not mean that all members of the referenced group of persons share applicant's view. In *Heeb Media*, 89 USPQ2d at 1077, we faced and rejected a similar argument, holding that "[t]he fact that applicant has good intentions with its use of the term does not obviate the fact that a substantial composite of the referenced group find the term objectionable."

Applicant contends that the examining attorney based his conclusion as to "likely meaning" on the fact that "applicant is a founding member of a band (the Slants) that is self-described as being composed of members of Asian descent." App. Br. p. 4, quoting examining attorney's brief. Applicant argues further that:

> The Examining Attorney's rationale turned the entire policy justification for Section 2(a) on its head. It was a refusal to register based on the ethnic background of Applicant and his associates that was offensive. Unless reversed by the Board this formulation inevitably will involve the Patent and Trademark Office in inappropriate and constitutionally suspect inquiries concerning the ethnicity of applicants, their associates and their activities.

App. Br. p. 4.

Applicant is effectively arguing that because he actively seeks to convey a message that he has taken ownership of the term and its meaning, and intends no disparagement of members of the referenced group, the Office is prohibited from finding that THE SLANTS is disparaging to others, precisely because of applicant's race. In other words, applicant intentionally adopted the mark because it is disparaging to some, but we should ignore that because he is Asian and should not be perceived as intending to disparage other Asians but, rather, as redefining the term in a positive way. In essence, applicant does not address the injury that use of THE SLANTS may cause to other members of the referenced group and instead focuses on the asserted injury to himself, which he attributes to the examining attorney's improper consideration of his ethnicity. In the same way the particular ethnicity of the people behind the corporate applicant in *Heeb Media* did not serve to obviate or remove the disparaging nature of the term for others, here, too, applicant's ethnicity does not make his use

unlikely to be perceived as conveying the disparaging meaning of the term SLANTS for Asian Americans.

The focus of the inquiry into whether a mark is disparaging is not on applicant's race but rather on the referenced group's perception of the likely meaning of the mark.[12] The evidence clearly shows both that members of the referenced group ascribe the derogatory meaning based on applicant's manner of use and that members of the referenced group find it objectionable. There are no "other elements" in the mark to affect its meaning, and there is nothing about the way the mark is used in the marketplace from which one would understand the term as meaning anything other than an Asian person. Thus, the refusal is properly based on the perceptions of the referenced group and not on applicant's or his band-mates' ethnic background.

The interpretation of "slant" as meaning "person of Asian descent" (as opposed to other definitions of this word) arises because applicant's mark is used in a manner to mean "person of Asian descent." Applicant cannot claim ownership and redefine the term without a use that acknowledges the meaning that must be overcome. However, it is very important to note that a finding that THE SLANTS is disparaging is not dependent on applicant's ethnicity, but on the circumstances related to his use of the term. An

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[12] Section 2(a), 15 U.S.C. § 1052(a) focuses on the nature of the mark, not the applicant: "No *trademark* . . . shall be refused registration . . . on account of *its* nature unless *it* . . . [c]onsists of or comprises . . . matter which may disparage. . . . " (emphasis added).

application by a band comprised of non-Asian-Americans called THE SLANTS that displayed the mark next to the imagery used by applicant shown supra would also be subject to a refusal under Section 2(a).

Finally, applicant's objection that the evidentiary record includes applicant's "past use," (i.e., use prior to the filing date of this application) and that such evidence is not within the four corners of the application, ignores the first prong of the test where we look to the "manner of use" which necessarily goes beyond the "four corners" of the application. Moreover, a determination about the view of the referenced group requires the USPTO to go outside the four corners of the application even if only to reference a dictionary definition that labels a term as derogatory. As to the date of the evidence, applicant bases his application on his use of the mark since 2006 and all evidence from then until the present is relevant.[13] Notably, appli-

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[13] Regarding the four corners of an application, in its brief, applicant acknowledges in general that specimens may demonstrate disparaging use. App. Br. p. 10. As noted earlier, applicant abandoned his prior application by failing to file a brief on *ex parte* appeal. Applicant then filed this application, presumably with different specimens of use. As noted by the examining attorney:

> [T]hat applicant cleverly chose specimens that avoided associations with Asians or Asian culture is not evidence that the mark is not used in a way to conjure up the derogatory meaning and to be disparaging to Asians. . . . It is worth mentioning that applicant appears to have reversed course on its arguments for registrability, arguing in the prior application that because the applied-for mark was being used by Asian- Americans as a self-descriptor, it could not be dispar-

cant has not submitted evidence rebutting the evidence of likely meaning, to support, for example, the proposition that due to applicant's change in its manner of use members of the referenced group no longer perceive it as having a disparaging meaning.

> aging, while in this case arguing that there is no indication in the application that the mark is in any way associated with Asians or Asian-Americans. . . . Applicant's argument that the Office is limited to the four-corners of the application in determining the disparaging nature of the mark is too clever by half. Were applicant's theory correct, any smart applicant (or smart attorney) could easily draft an identification of goods and services that skates around any mention of a group or persons associated with a particular term, while at the same time, using the mark in such a way as to associate the mark with the disparaged group. Office Action (June 20, 2012).

In response to the examining attorney, applicant, in its Request for Reconsideration, states that the refusal:

> . . . is premised entirely on outside evidence of Applicant's aggressively Asian-themed artistic and commercial identity as used in the past with the mark. [and the refusal is based on] his use of the mark in circumstances not reflected in the Application but relied on as grounds for refusal in a previous application [that has] been deemed offensive by third parties. Req. Recon. pp. 6-7.

Applicant's own actions highlight the wisdom of our well-settled test for determining whether a mark is disparaging, which requires not only an assessment of information on the "four corners" of the application, such as the mark and the goods or services, but also looks at the manner in which the applicant uses the mark. Indeed, we also look at an applicant's manner of use to inform analysis of other types of refusals, such as those based on genericness. *See, e.g., In re DNI Holdings Ltd.*, 77 USPQ2d 1435, 1439-40 (TTAB 2005).

Is it disparaging to a substantial composite?

Having determined the likely meaning (in the context of the goods and services and how applicant uses the mark), we look to the second prong: is the mark disparaging to a substantial composite of the referenced group? The record establishes that the slang term "slant" or its plural "slants," when used to indicate ethnicity, is disparaging to a substantial composite of the referenced group.

While there is some mention in the record of support for applicant's mark in the Asian community (to be clear, quoted statements from applicant noting such support), "[o]ur consideration of whether the term is disparaging is not restricted to the perception of applicant's" fans who have no objection to the name of applicant's band. *Heeb Media*, 89 USPQ2d 1077. Rather, we are charged with taking into account the views of the entire referenced group who may encounter applicant's music entertainment services in any ordinary course of trade for the identified services. Thus, all members of the Asian-American public may encounter the mark THE SLANTS in advertising in newspapers, billboards or on a website.

The dictionary definitions, reference works and all other evidence unanimously categorize the word "slant," when meaning a person of Asian descent, as disparaging. Moreover, the record includes evidence of individuals and groups in the Asian community objecting to use of the term in the context of applicant's band. Taken as a whole we find the record contains substantial evidence to support the refusal. *Squaw Valley*, 80 USPQ2d at 1272. Finally, applicant does

not dispute that the band's name is derived from an ethnic slur and the evidence thereof stands unrebutted.

The fact that applicant has good intentions underlying his use of the term does not obviate the fact that a substantial composite of the referenced group find the term objectionable. *Heeb Media*, 89 USPQ2d at 1077. As the examining attorney states "while applicant may not find the term [disparaging], applicant does not speak for the entire community of persons of Asian descent and the evidence indicates that there is still a substantial composite of persons who find the term in the applied-for mark offensive." Office Action (January 6, 2012). Thus, despite applicant's assertion that "this is not yet another case of a member of an ethnic group seeking registration of a supposedly offensive slur on the ground that group members, or he in particular, have 'embraced' the term" (App. Br. p. 3), in fact it is just such a case.

Applicant's argument that other SLANT marks have been registered merely underscores why, in cases such as these, where a term may have different meanings depending on the context, the USPTO looks to the manner of use to ascertain whether potential consumers would perceive the term as disparaging. None of the marks in these third-party registrations refer to people.

We emphasize that this decision only pertains to applicant's right to register the term and "it is clear that the PTO's refusal to register [applicant's] mark does not affect [his] right to use it. No conduct is proscribed, and no tangible form of expression is sup-

pressed. Consequently, [applicant's] First Amendment rights would not be abridged by the refusal to register [his] mark." *In re McGinley*, 211 USPQ at 672, *citing Holiday Inn v. Holiday Inn, Inc.*, 534 F.2d 312, 189 USPQ 630, 635 n.6 (CCPA 1976). *See also Mavety*, 31 USPQ2d at 1928. This case is solely about whether the applicant may "call upon the resources of the federal government" to obtain federal registration of the mark on the Principal Register in order to assist applicant in enforcing the mark. *See In re Fox*, 702 F.3d 633, 105 USPQ2d 1247, 1252. Because we find it disparaging, however, the mark is disqualified under Section 2(a) for registration.

Decision: The refusal to register under Section 2(a) is affirmed.

APPENDIX D

15 U.S.C. 1052 provides:

Trademarks registrable on principal register; concurrent registration

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the

goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be refused registration only pursuant to a pro-

ceeding brought under section 1063 of this title. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be canceled pursuant to a proceeding brought under either section 1064 of this title or section 1092 of this title.